

Financial Statements

The Manotick Business Improvement Area

December 31, 2016



**Building a better
working world**

INDEPENDENT AUDITORS' REPORT

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

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

Ernst & Young LLP

Ottawa, Canada
June 9, 2017

Chartered Professional Accountants
Licensed Public Accountants



THE MANOTICK 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	\$24,287	\$24,466
Cash on deposit with the Corporation of the City of Ottawa	33,688	20,711
Total financial assets	57,975	45,177

Table 2 - Statement of Financial Position - Liabilities

Liabilities	2016	2015
Accounts payable and accrued liabilities <i>[note 2]</i>	18,205	11,803
Total liabilities	18,205	11,803
Net financial assets	39,770	33,374

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

Non-financial assets	2016	2015
Prepaid expenses	2,040	810
Total non- financial assets	2,040	810
Accumulated surplus	\$41,810	\$34,184

See accompanying notes

THE MANOTICK 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]	\$187,280	\$190,536	\$178,346
Sundry	10,000	13,918	14,950
Payments in lieu of taxation	-	5,826	5,502
Total revenue	197,280	210,280	198,798

Table 5 - Statement of Operations - Expenses

Expenses	Budget 2016 [Note 4]	Actual 2016	Actual 2015
Advertising and promotion	127,660	116,882	99,677
Professional and consulting fees	57,500	56,374	60,678
Maintenance	18,250	15,919	17,710
Office and administration	8,670	8,121	9,449
Insurance	3,400	3,441	3,382
Audit fees	1,300	1,437	1,892
Rent	500	480	480
Total expenses	217,280	202,654	193,268
Annual surplus (deficit)	(20,000)	7,626	5,530
Accumulated surplus, beginning of year	34,184	34,184	28,654
Accumulated surplus, end of year	\$14,184	\$41,810	\$34,184

See accompanying notes

THE MANOTICK 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	\$ -	\$7,626	\$5,530
Decrease (increase) in prepaid expenses	-	(1,230)	1,214
Increase in net financial assets	-	6,396	6,744
Net financial assets, beginning of year	33,374	33,374	26,630
Net financial assets, end of year	\$33,374	\$39,770	\$33,374

See accompanying notes

THE MANOTICK 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	\$7,626	\$5,530
Changes in non-cash working capital balances related to operations		
Decrease in accounts receivable	-	4,348
Decrease (increase) in prepaid expenses	(1,230)	1,214
Increase in accounts payable and accrued liabilities	6,402	1,936
Cash provided by operating activities	12,798	13,028

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	12,798	13,028
Cash and cash equivalents, beginning of year	45,177	32,149
Cash and cash equivalents, end of year	\$57,975	\$45,177

Table 9 - Statement of Cash Flows - Cash breakdown

Cash consists of	2016	2015
Cash	\$24,287	\$24,466
Cash on deposit with the Corporation of the City of Ottawa	33,688	20,711
	\$57,975	\$45,177

See accompanying notes

THE MANOTICK 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 Manotick 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 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 the 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 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 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 – \$2,695] 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	182,474	177,203
Supplementary assessments	13,575	1,516
Remissions	(4,112)	-
Vacancy rebates	(1,401)	(373)
	190,536	178,346

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 \$217,280 reconciles to the budget figures reported in these financial statements after deducting the budgeted contribution from reserves of \$20,000, which is not included in revenue for purposes of the financial statement presentation.

5. COMPARATIVE FIGURES

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

