Financial Statements

The Vanier Business Improvement Area

December 31, 2016

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INDEPENDENT AUDITORS' REPORT

To the Board Members, Members of Council, Inhabitants and Ratepayers of

The Vanier Business Improvement Area

We have audited the accompanying financial statements of **The Vanier 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 in 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 Vanier 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

Chartered Professional Accountants
Licensed Public Accountants

Ottawa, Canada
July 31, 2017

THE VANIER 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	**$600**	$600
Cash on deposit with the Corporation of the City of Ottawa	**197,059**	111,204
Accounts receivable *[note 2]*	**76**	4,904
Total financial assets	**198,926**	116,708

Table 2 - Statement of Financial Position - Liabilities

Liabilities	**2016**	**2015**
Accounts payable and accrued liabilities *[note 2]*	**12,715**	9,708
Total liabilities	**12,715**	9,708
Net financial assets	**185,020**	107,000

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

Non-financial assets	**2016**	**2015**
Prepaid expenses	**1,638**	2,328
Tangible capital assets *[note 4]*	**14,484**	-
Total non- financial assets	**16,122**	2,328
Accumulated surplus	**$201,142**	$109,328

See accompanying notes

THE VANIER 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	Actual 2016	Actual 2015
Tax revenue *[note 3]*	$385,850	**$359,452**	$370,380
Sundry	-	**19,778**	19,256
Payments in lieu of taxation	1,300	**1,121**	1,401
Total revenue	387,150	**380,351**	391,037

Table 5 - Statement of Operations - Expenses

Expenses	Budget 2016	Actual 2016	Actual 2015
Salaries	167,900	**148,029**	154,294
Maintenance	83,350	**45,617**	90,883
Office	48,800	**38,729**	27,009
Rent	30,000	**26,156**	25,644
Advertising	39,500	**18,974**	37,489
Insurance	7,200	**6,469**	5,808
Professional and consulting fees	8,900	**1,517**	21,657
Depreciation	-	**1,609**	-
Audit fees	1,500	**1,437**	1,227
Recovery of professional and consulting fees	-	**-**	(6,783)
Total expenses	387,150	**288,537**	357,228
Annual surplus	-	**91,814**	33,809
Accumulated surplus, beginning of year	109,328	**109,328**	75,519
Accumulated surplus, end of year	$109,328	**$201,142**	$109,328

See accompanying notes

THE VANIER 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	Actual 2016	Actual 2015
Annual surplus	$ -	**$91,814**	$33,809
Acquisition of tangible capital assets	-	**(16,093)**	-
Depreciation of tangible capital assets	-	**1,609**	-
Decrease in prepaid expenses		**690**	3,769
Increase in net financial assets	-	**78,020**	37,578
Net financial assets, beginning of year	107,000	**107,000**	69,422
Net financial assets, end of year	$107,000	**$185,020**	$107,000

See accompanying notes

THE VANIER 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	**$91,814**	$33,809
Add item not affecting cash		
Depreciation	**1,609**	
Changes in non-cash working capital balances related to operations		
Decrease (increase) in accounts receivable	**4,828**	(4,580)
Decrease in prepaid expenses	**690**	3,769
Increase in accounts payable and accrued liabilities	**3,007**	2,825
Cash provided by operating activities	**101,948**	35,823

Table 8 - Statement of Cash Flows – Investing Activities

Investing activities	**2016**	**2015**
Acquisition of tangible capital assets	(16,093)	-
Cash used in investing activities	**(16,093)**	-

Table 9 - 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	**85,855**	35,823
Cash and cash equivalents, beginning of the year	**111,804**	75,981
Cash and cash equivalents, end of the year	**197,659**	111,804

Table 10 - Statement of cash flows - Cash breakdown

Cash consists of	**2016**	**2015**
Cash	**600**	600
Cash on deposit with the Corporation of the City of Ottawa	**197,059**	111,204
	$197,659	$111,804

THE VANIER 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 Vanier 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 Public 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 benefits to the BIA are charged to operations in the year of acquisition.

The equipment, less residual value, is amortized over five years on a straight-line basis. In the year of acquisition, half of the normal amortization is recorded for all tangible capital assets.

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 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 taxation 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 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, $372 [2015 – $193] is included in accounts payable and accrued liabilities and nil [2015 – $4,904] is included in accounts receivable due to/from related parties.

3. TAX REVENUE

Tax revenue is comprised of the following:

Table 9 - Tax Revenue breakdown

	2016 $	**2015** $
General tax levy	**374,269**	374,141
Supplementary assessments	**5,509**	1,692
Remissions	**(16,970)**	(1,882)
Vacancy rebates	**(3,356)**	(3,571)
	359,452	370,380

4. TANGIBLE CAPITAL ASSETS

Tangible capital assets are comprised of the following:

Table 10 - Capital assets breakdown

Tangible capital assets	2016 $	2015 $
Equipment	**16,093**	-
Accumulated amortization	**(1,609)**	-
Net book value	**14,484**	-