

Financial Statements

The Sparks Street Mall Business Improvement

Area

December 31, 2016



INDEPENDENT AUDITORS' REPORT

To the Board Members, Members of Council, Inhabitants and Ratepayers of
The Sparks Street Mall Business Improvement Area

We have audited the accompanying financial statements of **The Sparks Street Mall 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 Sparks Street Mall 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 12, 2017

Chartered Professional Accountants

Licensed Public Accountants



THE SPARKS STREET MALL 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 Restated
		<i>[See note 2]</i>
Cash	\$(159)	\$4,946
Cash on deposit with the Corporation of the City of Ottawa	413,740	375,103
Accounts receivable	-	31,678
Total financial assets	413,581	411,727

Table 2 - Statement of Financial Position - Liabilities

Liabilities	2016	2015 Restated
		<i>[See note 2]</i>
Accounts payable and accrued liabilities <i>[note 3]</i>	47,295	163,251
Total liabilities	47,295	163,251
Net financial assets	366,286	248,476

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

Non-financial assets	2016	2015 Restated
		<i>[See note 2]</i>
Prepaid expenses	26,370	2,986
Total non- financial assets	26,370	2,986
Accumulated surplus	\$392,656	\$251,462

See accompanying notes

THE SPARKS STREET MALL 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	2016 Budget	2016 Actual	2015 Actual Restated <i>[See note 2]</i>
Tax revenue <i>[note 3]</i>	\$336,754	\$325,555	\$303,111
Sponsorship and other	157,500	194,229	285,169
Payments in lieu of taxation	100,985	108,852	86,087
Total revenue	595,239	628,636	674,367

Table 5 - Statement of Operations - Expenses

Expenses	2016 Budget	2016 Actual	2015 Actual Restated <i>[See note 2]</i>
Salaries	114,360	95,222	85,495
Office	49,800	21,106	20,065
Advertising	383,079	338,451	410,120
Audit fees	2,000	1,437	1,228
Maintenance <i>[note 5]</i>	-	-	163,602
Rent	25,000	16,736	20,824
Professional and consulting	6,000	1,730	1,313
Insurance	15,000	12,760	11,908
Total expenses	595,239	487,442	714,555
Annual surplus (deficit)	-	141,194	(40,188)
Accumulated surplus, beginning of year	251,462	251,462	291,650
Accumulated surplus, end of year	\$251,462	\$392,656	\$251,462

See accompanying notes

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

	2016 Budget	2016 Actual	2015 Actual Restated <i>[See note 2]</i>
Annual surplus (deficit)	-	\$141,194	\$(40,188)
Decrease (increase) in prepaid expenses	-	(23,384)	675
Increase (decrease) in net financial assets	-	117,810	\$(39,513)
Net financial assets, beginning of year	248,476	248,476	287,989
Net financial assets, end of year	\$248,476	\$366,286	\$248,476

See accompanying notes

STATEMENT OF CASH FLOWS

For the year ended December 31, 2016, with comparative information for 2015

Table 7 - Statement of cash flows - Operating

	2016	2015 Restated <i>[See note 2]</i>
Operating activities		
Annual surplus (deficit)	\$141,194	\$(40,188)
Changes in non-cash working capital balances related to operations		
Decrease in accounts receivable	31,678	8,951
Decrease (increase) in prepaid expenses	(23,384)	675
Decrease in accounts payable and accrued liabilities	(115,956)	(55,472)
Cash provided by (used in) operating activities	33,532	(86,034)

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

	2016	2015 Restated <i>[See note 2]</i>
Change in cash and cash equivalents		
Net increase (decrease) in cash and cash equivalents during the year	33,532	(86,034)
Cash and cash equivalents, beginning of the year	380,049	466,083
Cash and cash equivalents, end of the year	413,581	380,049

Table 9 - Statement of cash flows - Cash breakdown

	2016	2015 Restated <i>[See note 2]</i>
Cash consists of		
Cash	(159)	4,946
Cash on deposit with the Corporation of the City of Ottawa	413,740	375,103
	\$413,581	\$380,049

THE SPARKS STREET MALL 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 Sparks Street Mall 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 expenditures are reported on the accrual basis of accounting.

The accrual basis of accounting recognizes revenue as it becomes 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, 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 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. PRIOR PERIOD ADJUSTMENT

On December 31, 2015, the BIA held an event for which sponsors agreed to provide funding. During fiscal 2016, the BIA received \$31,500 of sponsorship revenue related to the event held on December 31, 2015 which had not been accrued in the fiscal 2015 financial statements. Consequently, revenue and accounts receivable were understated in fiscal 2015. The error has been corrected resulting in an increase in sponsorship and other revenue of \$31,500 for the year ended December 31, 2015 and a related increase in accounts receivable of \$31,500 as at December 31, 2015.

3. 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 – nil] accounts payable and accrued liabilities are due to related parties.

4. TAX REVENUE

Tax revenue is comprised of the following:

Table 10 - Tax Revenue breakdown

Tax Revenue breakdown	2016 \$	2015 \$
General tax levy	344,298	332,684
Supplementary assessments	-	1,644
Remissions	(15,237)	(28,149)
Vacancy rebates	(3,506)	(3,068)
Tax Revenue	325,555	303,111

5. GOVERNMENT TRANSFER

Maintenance expenses include nil [2015 – \$163,487] transferred to the Sparks Street Mall Authority which is not a result of an exchange transaction.

