

Financial Statements

The Wellington West Business Improvement Area

December 31, 2016



INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of **The Wellington West 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 Wellington West 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 21, 2017

Chartered Professional Accountants
Licensed Public Accountants

THE WELLINGTON WEST 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	\$500	\$500
Cash on deposit with the Corporation of the City of Ottawa	53,611	51,643
Total financial assets	54,111	52,143

Table 2 - Statement of Financial Position - Liabilities

Liabilities	2016	2015
Accounts payable and accrued liabilities <i>[note 2]</i>	10,452	15,498
Total liabilities	10,452	15,498
Net financial assets	43,659	36,645

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

Non-financial assets	2016	2015
Prepaid expenses	1,236	5,998
Total non- financial assets	1,236	5,998
Accumulated surplus	\$44,895	\$42,643

See accompanying notes

THE WELLINGTON WEST 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 5]	Actual 2016	Actual 2015
Tax revenue [note 3]	\$281,734	\$276,061	\$265,387
Sundry	25,000	26,815	25,000
Payments in lieu of taxation	-	2,696	2,528
Total revenue	306,734	305,572	292,915

Table 5 - Statement of Operations - Expenses

Expenses	Budget 2016 [note 5]	Actual 2016	Actual 2015
Salaries	103,806	88,978	95,760
Office and administration	12,219	8,294	5,755
Advertising and promotion	58,612	67,848	44,636
Professional and consulting fees	26,500	44,412	30,475
Audit fees	1,500	1,437	1,228
Maintenance	68,318	65,672	59,249
Rent	23,000	21,787	20,535
Insurance	6,000	4,892	4,828
Total expenses	299,955	303,320	262,466
Annual surplus	6,779	2,252	30,449
Accumulated surplus, beginning of year	42,643	42,643	12,194
Accumulated surplus, end of year	\$49,422	\$44,895	\$42,643

See accompanying notes

THE WELLINGTON WEST 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 5]</i>	Actual 2016	Actual 2015
Annual surplus	\$6,779	\$2,252	\$30,449
Decrease (increase) in prepaid expenses	-	4,762	(4,484)
Increase in net financial assets	6,779	7,014	25,965
Net financial assets, beginning of year	36,645	36,645	10,680
Net financial assets, end of year	\$43,424	\$43,659	\$36,645

See accompanying notes

THE WELLINGTON WEST 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	\$2,252	\$30,449
Changes in non-cash working capital balances related to operations		
Decrease (increase) in prepaid expenses	4,762	(4,484)
Decrease in accounts payable and accrued liabilities	(5,046)	(19,394)
Cash provided by operating activities	1,968	6,571

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	1,968	6,571
Cash and cash equivalents, beginning of year	52,143	45,572
Cash and cash equivalents, end of year	\$54,111	\$52,143

Table 9 - Statement of Cash Flows - Cash breakdown

Cash consists of	2016	2015
Cash	\$500	\$500
Cash on deposit with the Corporation of the City of Ottawa	53,611	51,643
	\$54,111	\$52,143

See accompanying notes

THE WELLINGTON WEST 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 Wellington West 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 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.

Financial instruments

The financial instruments of the BIA consist of cash and cash equivalents 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 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 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] 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	281,907	268,762
Supplementary assessments	1,542	(231)
Remissions	(4,974)	(1,058)
Vacancy rebates	(2,414)	(2,086)
	276,061	265,387

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 expense budget of \$306,734 reconciles to the budget figures reported in these financial statements after deducting the budgeted contribution to reserves of \$6,779, which is not included in expenses for purposes of the financial statement presentation.

