

# **Financial Statements**

## **The Westboro Village 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 Westboro Village Business Improvement Area**

We have audited the accompanying financial statements of **The Westboro Village Business Improvement Area**, which comprise the statement of financial position as at December 31, 2016, and the statements of operations, changes in net debt 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 Westboro Village Business Improvement Area** as at December 31, 2016, and the results of its operations, changes in its net debt and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Ottawa, Canada

August 22, 2017

*Ernst & Young LLP*

Chartered Professional Accountants  
Licensed Public Accountants

# THE WESTBORO VILLAGE 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

<b>Financial assets</b>	<b>2016</b>	<b>2015</b>
Cash on deposit with the Corporation of the City of Ottawa	<b>\$97,102</b>	\$101,453
Accounts receivable <i>[note 3]</i>	<b>705</b>	900
<b>Total financial assets</b>	<b>97,807</b>	102,353

Table 2 - Statement of Financial Position - Liabilities

<b>Liabilities</b>	<b>2016</b>	<b>2015</b>
Accounts payable and accrued liabilities <i>[note 3]</i>	<b>20,729</b>	25,040
Debt <i>[note 2]</i>	<b>94,551</b>	102,859
<b>Total liabilities</b>	<b>115,280</b>	127,899
<b>Net debt</b>	<b>(17,473)</b>	(25,546)

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

<b>Non-financial assets</b>	<b>2016</b>	<b>2015</b>
Prepaid expenses	<b>4,108</b>	1,496
<b>Total non-financial assets</b>	<b>4,108</b>	1,496
<b>Accumulated deficit</b>	<b>\$(13,365)</b>	\$(24,050)

*See accompanying notes*

# THE WESTBORO VILLAGE BUSINESS IMPROVEMENT AREA

## STATEMENT OF OPERATIONS

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

Table 4 - Statement of Operations - Revenue

<b>Revenue</b>	<b>Budget 2016 [note 5]</b>	<b>Actual 2016</b>	<b>Actual 2015</b>
Tax revenue [note 4]	\$423,550	<b>\$411,377</b>	\$416,774
Sundry	22,500	<b>21,722</b>	28,009
<b>Total revenue</b>	<b>446,050</b>	<b>433,099</b>	<b>444,783</b>

Table 5 - Statement of Operations - Expenses

<b>Expenses</b>	<b>Budget 2016 [note 5]</b>	<b>Actual 2016</b>	<b>Actual 2015</b>
Advertising and promotion	191,755	<b>175,805</b>	176,467
Salaries	108,439	<b>110,186</b>	104,044
Maintenance	48,171	<b>48,411</b>	42,286
Office	29,704	<b>23,406</b>	18,264
Professional services	35,523	<b>31,020</b>	63,859
Rent	22,311	<b>21,980</b>	21,980
Interest on debt [note 2]	13,600	<b>5,238</b>	5,661
Insurance	5,278	<b>4,931</b>	4,841
Audit fees	1,269	<b>1,437</b>	1,227
<b>Total expenses</b>	<b>456,050</b>	<b>422,414</b>	<b>438,629</b>
<b>Annual surplus (deficit)</b>	<b>(10,000)</b>	<b>10,685</b>	<b>6,154</b>
Accumulated deficit, beginning of year	(24,050)	<b>(24,050)</b>	(30,204)
<b>Accumulated deficit, end of year</b>	<b>\$(34,050)</b>	<b>\$(13,365)</b>	<b>\$(24,050)</b>

See accompanying notes

# THE WESTBORO VILLAGE BUSINESS IMPROVEMENT AREA

## STATEMENT OF CHANGES IN NET DEBT

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

Table 6 - Statement of Changes in Net Debt

	<b>Budget 2016 [note 5]</b>	<b>Actual 2016</b>	<b>Actual 2015</b>
<b>Annual surplus (deficit)</b>	\$(10,000)	<b>\$10,685</b>	\$6,154
Increase in prepaid expenses	-	<b>(2,612)</b>	(105)
<b>Decrease (increase) in net debt</b>	(10,000)	<b>8,073</b>	6,049
Net debt, beginning of year	(25,546)	<b>(25,546)</b>	(31,595)
<b>Net debt, end of year</b>	<b>\$(35,546)</b>	<b>\$(17,473)</b>	<b>\$(25,546)</b>

*See accompanying notes*

# THE WESTBORO VILLAGE 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

<b>Operating activities</b>	<b>2016</b>	<b>2015</b>
Annual surplus	<b>\$10,685</b>	\$6,154
Changes in non-cash working capital balances related to operations		
Decrease in accounts receivable	<b>195</b>	534
Increase in prepaid expenses	<b>(2,612)</b>	(105)
Increase (decrease) in accounts payable and accrued liabilities	<b>(4,311)</b>	14,125
<b>Cash provided by operating activities</b>	<b>3,957</b>	20,708

Table 8 - Statement of Cash Flows - Financing

<b>Financing activities</b>	<b>2016</b>	<b>2015</b>
Decrease in debt	<b>(8,308)</b>	(7,887)
<b>Cash used in financing activities</b>	<b>\$(8,308)</b>	\$(7,887)

Table 9 - Statement of Cash Flows - Change in Cash and Cash Equivalents

<b>Change in cash and cash equivalents</b>	<b>2016</b>	<b>2015</b>
Net increase (decrease) in cash and cash equivalents during the year	<b>(4,351)</b>	12,821
Cash and cash equivalents, beginning of the year	<b>101,453</b>	88,632
<b>Cash and cash equivalents, end of the year</b>	<b>\$97,102</b>	\$101,453

Table 10 - Statement of Cash Flows - Cash Breakdown

<b>Cash consists of</b>	<b>2016</b>	<b>2015</b>
Cash on deposit with the Corporation of the City of Ottawa	<b>97,102</b>	101,453
	<b>\$97,102</b>	\$101,453

See accompanying notes

# **THE WESTBORO VILLAGE BUSINESS IMPROVEMENT AREA**

## **NOTES TO THE FINANCIAL STATEMENTS**

**DECEMBER 31, 2016**

### **1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

#### **Basis of presentation**

The financial statements of The Westboro Village 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 Canadian 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 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, accounts payable and accrued liabilities and long-term debt. 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. DEBT

Issued by the City of Ottawa, the BIA's long-term debt is repayable in quarterly payments of \$3,387 until October 1, 2024, with interest at 5.25% per annum. In fiscal 2016, the interest expense reported on the statement of operations amounted to \$5,238 [2015 – \$5,661]. Future principal repayments of long-term debt are as follows:

Table 11 - Future principal repayments

	\$
2017	8,753
2018	9,222
2019	9,716
2020	10,236
2021	10,784
2022 and thereafter	45,840
	<u>94,551</u>

## 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 – \$53] is included in accounts payable and accrued liabilities and nil [2015 – \$900] is included in accounts receivable due to/from related parties.

#### 4. TAX REVENUE

Tax revenue is comprised of the following:

Table 12 - Tax revenue breakdown

	<b>2016</b>	<b>2015</b>
	\$	\$
General tax levy	<b>431,652</b>	419,997
Supplementary assessments	<b>2,353</b>	2,556
Remissions	<b>(17,812)</b>	(1,799)
Vacancy rebates	<b>(4,816)</b>	(3,980)
	<b>411,377</b>	416,774

#### 5. 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 \$456,050 reconciles to the budget figures reported in these financial statements after deducting the budgeted contribution from reserves of \$10,000, which is not included in revenue for purposes of the financial statement presentation.

