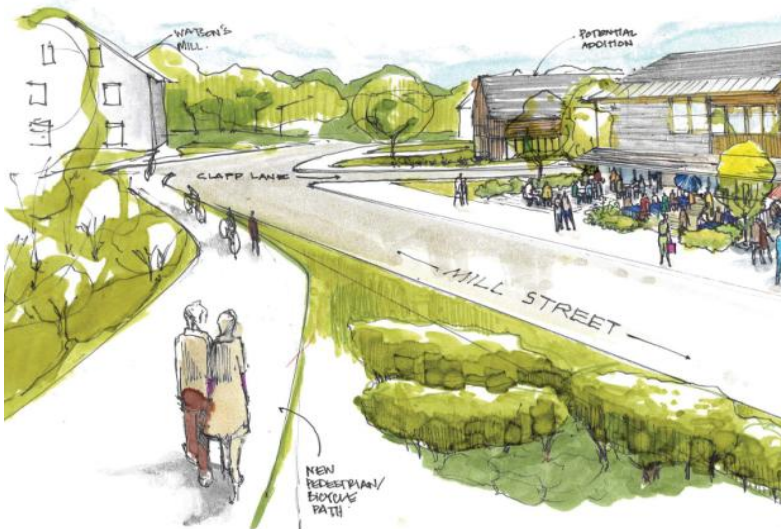


Manotick Mill Quarter Community Development Corporation Annual Report 2014



Manotick Mill Quarter Community
Development Corporation (MMQCDC)
Ottawa City Council - September 23, 2015

LETTER FROM THE CHAIR



On behalf of the Manotick Mill Quarter Community Development Corporation (MMQCDC), we are pleased to share this Annual Report for 2014.

In 2014, the MMQCDC was tasked with the disposal of two Manotick Mill Quarter properties purchased by the City in 2007.

Sales negotiations were successfully concluded for the Weavers House, a heritage property located at 1131 Mill Street and for the vacant development property at 1125 Clapp Lane. An organic day spa will be located at the Weaver's house that is resulting in a complete restoration of this building architecturally and bringing contemporary services to the house which will be a welcome addition to the historic village charm of the Mill Quarter. A new three storey, 45-unit independent living seniors apartment building with underground parking and coffee shop will be constructed on the 1125 and adjoining 1129 Clapp Lane properties. This new facility will provide transition housing for seniors living in the area and will serve as cornerstone property at the Bridge Street entrance to the Mill Quarter.

Also of note in 2014, was the retention of the Holloway property for purposes of establishing a remembrance park adjacent to the existing Cenotaph. Planning for the park is in process.

The Board will continue to work closely with the community concerning the two remaining properties (Dickinson House and Carriage Shed) to achieve objectives that are important to both the community and the City.

Thank you again for your support in 2014 and we look forward to working with you in delivering exceptional value back to the City of Ottawa.

Sincerely

A handwritten signature in black ink, appearing to read 'Scott Moffatt', with a long, sweeping horizontal line extending to the right.

Scott Moffatt
Chair

REPORT TO THE SHAREHOLDER

This Annual Report serves to provide context for the evaluation and review of the Corporation's activities and progress in 2014 to reposition the subject properties from both a planning and real estate market perspective. This report also serves to support the requirements of the Business Corporations Act (Ontario) for holding the 2014 Annual General Meeting of the shareholder of the Manotick Mill Quarter Community Development Corporation (MMQCDC) including receipt of Audited Financial Statements.

MANDATE

At its meeting on 28 January 2009, City Council approved the use of development corporations on a project by project basis for undertaking City property development initiatives and directed staff to proceed with the incorporation of the MMQCDC. City Council originally approved the acquisition of the Manotick Mill Quarter properties in the Village of Manotick to ensure the preservation and enhancement of the heritage buildings and character of the "Mill Quarter" as set out in the provisions of the Village of Manotick Plan contained in the City of Ottawa's Official Plan. The City acquired a combined land area of 4,056 square metres of land formerly owned by the Rideau Valley Conservation Authority (RVCA) as well as 3,792 square metres of land that was in private ownership for a combined land area of 7,848 square metres or 0.78 hectares.

In August 2009, the Letters Patent were issued by the Ontario Ministry of Government Services establishing the MMQCDC.

The objectives for which the Corporation is incorporated are:

- a) To formalize and maintain Dickinson Square as an open space, primarily for public use, as designated and approved by its owner and for the purpose of:
 - i. Preserving the heritage character of the "Mill Quarter" area in the Village of Manotick; and
 - ii. Providing for enhanced opportunities for heritage and cultural events.
- b) To plan, subdivide and develop or redevelop properties within the "Mill Quarter" area in the Village of Manotick, with the consent of their owner(s), for the purposes of preserving and enhancing the character of the Mill Quarter area and the heritage buildings located therein, including:
 - i. Providing opportunities for arts and heritage programming, and community activities; and
 - ii. Accommodating commercial tourist and heritage uses including commercial accommodation, boutiques, galleries, craft and other specialty outlets, museums, restaurants and studios.

2014 HIGHLIGHTS

CLAPP PROPERTY - 1125 CLAPP LANE

The MMQCDC was successful in completing a purchase and sales agreement for this property that resulted in a sales price of \$800,000. The purchaser will be constructing a three storey seniors residence comprised of 45-units with underground parking at the corner of Dickinson Street and Clapp Lane. The building will include a coffee shop and underground parking with landscaping and a sidewalk facing Dickinson Street which will provide pedestrian connectivity from Bridge Street to the Mill Quarter.

AYRES BUILDING - 1128 MILL STREET

Following a Request for Offers process which resulted in two offers for this property, a preferred offer was accepted by the Board of Directors. That preferred offer proposed an adaptive reuse of the Ayres Building to accommodate a restaurant on the ground floor and office use on the second floor. The accepted offer was in the amount of \$600,000. Following a lengthy negotiation/closing period, the offer was eventually withdrawn due to unanticipated partnership issues for the proponent. The MMQCDC will be posting the property for sale again in 2015 to receive offers.

WEAVERS HOUSE – 1131 MILL STREET

The MMQCDC was successful in completing a purchase and sales agreement for this property that resulted in a sales price of \$350,000. The purchaser will be renovating property to operate a day spa. This renovation work will involve a complete restoration of the building architecturally and bringing contemporary services to the house which will be a welcome addition to the historic village charm of the Mill Quarter.

HOLLOWAY PROPERTY – 1116 BRIDGE STREET

In 2008, the City acquired the Holloway Property at 1116 Bridge Street in conjunction with the acquisition of 1125 Clapp Lane(Clapp Property) and the Rideau Valley Conservation Authority properties. The property was acquired for potential amalgamation with the Clapp Property on the opposite side of Dickinson Street for purposes of creating a larger development parcel and for establishing a unique pedestrian friendly enclave to host community events in Dickinson Square. Due to community opposition to the potential closure of Dickinson Street, the properties could not be assembled resulting in Council's decision of September 2, 2014 to retain the Holloway Property for passive open space and for potential use as a complementary park to the abutting Cenotaph located in the Clapp Lane Right-of-Way.

SUMMARY OF ACTIVITIES/ ACTIONS FROM 2014

- Completion of Purchase and Sale Agreements for properties located at 1125 Clapp Lane and 1131 Mill Street.
- MMQCDC Board Approval of Site Plan at 1125 Clapp Lane for 45-unit Seniors Residence.
- Retention of Holloway property and review of community proposals for a Commerative Park.
- Financial analysis for the maintenance, operation and lifecycle of the Dickinson House and Carriage Shed properties.
- Board decision to postpone further actions on selling Dickinson House and Carriage Shed.
- Completion of work to the Carriage Shed roof to replace shingles and undertake some repair.

2015 PLANNED ACTIONS

In 2015, the MMQCDC will again seek offers for the sale of the Ayers Building at 1128 Mill street with the intent of closing on the sale of the property in August.

An application to the Historic Sites and Monuments Board will be made for a historic designation of the the City-owned Dickinson House and Carriage Shed properties as well as the Watson's Mill Museum owned by the Watsons Mill Manotick Inc.

The Board will discuss the status of Dickinson House and Carriage Shed and provide future direction for these properties in relation to the mandate of the MMQCDC.

FINANCIAL STATEMENTS

The 2014 Audited Financial Statements are attached as Appendix 1. Total revenues for 2014 are \$1,203,290.

Appendix 1

Financial Statements

Manotick Mill Quarter Community

Development Corporation

December 31, 2014

INDEPENDENT AUDITORS' REPORT

To the Board Members, Mayor and Members of Council
Manotick Mill Quarter Community Development Corporation

We have audited the accompanying financial statements of the **Manotick Mill Quarter Community Development Corporation**, which comprise the statement of financial position as at December 31, 2014, the statement of operations and of change in net debt 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 our audit 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 Mill Quarter Community Development Corporation**, as at December 31, 2014 and the results of its operations for the year then ended in accordance with Canadian public sector accounting standards.

Ernst & Young LLP

Ottawa, Canada,
August 31, 2015

Chartered Professional Accountants
Licensed Public Accountants

MANOTICK MILL QUARTER COMMUNITY DEVELOPMENT CORPORATION
STATEMENT OF FINANCIAL POSITION

As at December 31, 2014, with comparative information for 2013

Financial Assets	2014	2013
Taxes recoverable	\$2,962	\$438
Due from the City of Ottawa <i>[note 4]</i>	218,439	6,349
Total financial assets	221,401	6,787
Liabilities	2014	2013
Accounts payable and accrued liabilities	4,172	6,787
Performance security	112,500	0
Deposit agreements for future sales <i>[schedule 1]</i>	55,000	0
Deferred revenue	50,000	0
Total liabilities	221,672	6,787
Net Debt	(271)	0
Non-Financial Assets		
Other asset <i>[note 5]</i>	271	0
Accumulated Surplus	\$ 0	\$ 0

Commitments [note 6]

See accompanying notes

On behalf of the Board:



Director



Director

**MANOTICK MILL QUARTER COMMUNITY DEVELOPMENT CORPORATION
STATEMENT OF OPERATIONS**

For the year ended December 31, 2014, with comparative information for 2013

Revenue	2014	2013
Land sales	\$1,149,929	\$0
City of Ottawa [note 4]	48,361	36,992
Non refundable security deposit	5,000	0
Interest earnings	0	16
Total revenue	1,203,290	37,008
Expenses [schedule 2]	2014	2013
Land acquisition	1,149,929	0
Legal fees and disbursements	46,533	25,616
Professional services	6,828	11,392
Total expenses	1,203,290	37,008
Excess of revenue over expenses for the year	0	0
Accumulated surplus, beginning of year	0	0
Accumulated surplus, end of year	\$ 0	\$ 0

See accompanying notes

STATEMENT OF CHANGE IN NET DEBT

For the year ended December 31, 2014, with comparative information for 2013

Statement of Change in Net Debt	2014	2013
Excess of revenue over expenses for the year	\$0	\$0
Decrease (increase) in other asset	(271)	0
Net debt at beginning of year	0	0
Net debt at end of year	(271)	0

See accompanying notes

**MANOTICK MILL QUARTER COMMUNITY DEVELOPMENT CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014**

1. NATURE OF BUSINESS

The Manotick Mill Quarter Community Development Corporation [the "Corporation"] was incorporated on August 24, 2009 under the laws of the Province of Ontario as a corporation without share capital for the purpose of promoting and undertaking community improvements in the City of Ottawa by managing real property. The Manotick Mill Quarter Community Development Corporation is controlled by the City of Ottawa. The Corporation commenced operations in 2010.

The Corporation has financed its cash requirements through the support of the City of Ottawa. The Corporation's ability to realize the carrying value of its assets is dependent upon maintaining profitable operations and continuing to receive the financial support from the City of Ottawa.

2. BASIS OF PRESENTATION

The financial statements of the Corporation are prepared by management in accordance with accounting policies 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, which have been made using careful judgment. Budget figures are not presented on the statements of operations and of change in net debt as no budget is prepared at the corporation level.

Basis of accounting

Revenue and expenses are reported on the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded when incurred.

Financial instruments

The Corporation's financial instruments consist of related party balances, accounts payable and accrued liabilities. Amounts recorded on the financial statements approximate the fair value given the short term nature of the balances.

Deposit Agreements for future sales

Deposit agreements for future sales represent deposits received pursuant to purchase and sale agreements. Sales revenue is recognized upon title of the property passing to the purchaser. The cash related to these deposits is held by the City of Ottawa and is reported on the statement of financial position as due from the City of Ottawa.

**MANOTICK MILL QUARTER COMMUNITY DEVELOPMENT CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014**

3. CASH

The Corporation funds its cash requirements through the support of the City of Ottawa. All cash transactions from operating activities were processed through the City of Ottawa. The Corporation did not have cash movement from financing or investing activities during 2014 or 2013.

4. RELATED PARTY

The City of Ottawa controls the Corporation and administers the cash disbursements on behalf of the Corporation. Any balance owing to the City of Ottawa is interest free and has no specified terms of repayment.

Related party transactions between the Corporation and the City of Ottawa include:

Related party transactions	2014	2013
Land acquisition	\$1,149,929	\$0
Legal and realty taxes disbursements	40,411	25,440
Contribution from the City of Ottawa	48,361	36,992

The contribution from the City of Ottawa represents funding revenue from the City of Ottawa to reimburse the Corporation for any excess expenses over land sale revenues.

Net purchase price of lands consists of \$1,149,929 [2013 - Nil] included in land acquisition costs on the statement of operations. Legal disbursements consists of \$66 [2013 - Nil] included in other asset on the statement of financial position and \$40,345 [2013 - \$25,440] included in legal costs on the statement of operations.

Change in due (to) from the City of Ottawa is comprised of the following:

Change in due from (to) the City of Ottawa	2014	2013
Opening balance of Due from (to) the City of Ottawa	\$ 6,349	\$(156)
(Increase) decrease in taxes recoverable	(2,524)	3,518
(Increase) in other assets	(271)	0
(Decrease) increase in accounts payable	(2,615)	2,987
Increase in deposits for future sales	55,000	0
Increase in deferred revenue	50,000	0
Increase in performance security	112,500	0
Net change	212,090	6,505
Closing balance of due from City of Ottawa	\$218,439	\$6,349

5. OTHER ASSETS

Other non-financial assets consist of costs incurred to prepare a property for sale including legal costs. These costs consist of direct costs related to the sale of land by the Corporation as approved by the City of Ottawa Council. These costs will be transferred to land inventory held-for-sale once the related property has been transferred to the Corporation. For projects that are abandoned, costs are immediately expensed.

6. COMMITMENTS

As at December 31, 2014, the Corporation has outstanding commitments amounting to \$6,869 [2013 – \$6,869] for fairness commissioner services.

7. COMPARATIVE FIGURES

Comparative figures have been reclassified to conform to the current year's presentation.

SCHEDULE 1**SCHEDULE OF DEPOSIT AGREEMENTS FOR FUTURE SALES**

For the year ended December 31, 2014, with comparative information for 2013

Land description	2014	2013
1128 Mills Street	55,000	0
Total deposit agreements for future sales	\$55,000	\$ 0

*See accompanying notes***SCHEDULE 2****SCHEDULE OF EXPENSES**

For the year ended December 31, 2014, with comparative information for 2013

SCHEDULE 2	2014	2013
Land acquisition	\$1,149,929	\$0
Legal fees and disbursements	46,533	25,616
Professional Fees		
Corporation tax return preparation and financial statement audit	4,172	4,086
Newspaper advertising	2,245	0
Signs	411	337
Fairness commissioner	0	6,869
Licenses, permits, conservation and zoning	0	100
Total professional fees	6,828	11,392
Total expenses	\$ 1,203,290	\$ 37,008

See accompanying notes

SCHEDULE 3
SCHEDULE OF OPERATIONS BY PROPERTY

For the year ended December 31, 2014

Property description	Land acquisition	Development costs and administrative expenses	Total expenses	Revenue	Contribution from the City	Total revenues
1131 Mills Street	349,929	6,428	356,357	354,929	1,428	356,357
1125 Clapp Lane	800,000	2,276	802,276	800,000	2,276	802,276
Sub-total land parcels sold	1,149,929	8,704	1,158,633	1,154,929	3,704	1,158,633
Common expenses to all properties	0	44,657	44,657	0	44,657	44,657
Total	1,149,929	53,361	1,203,290	1,154,929	48,361	1,203,290