

Financial Statements

The Barrhaven Business Improvement Area

December 31, 2020

Independent auditor's report

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

Opinion

We have audited the financial statements of **The Barrhaven Business Improvement Area** [the "BIA"], which comprise the statement of financial position as at December 31, 2020, and the statement of operations, statement of changes in net financial assets and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the BIA as at December 31, 2020, and its financial performance and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the BIA in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the 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.

In preparing the financial statements, management is responsible for assessing the BIA's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the BIA or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the BIA's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.



As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 BIA's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the BIA's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the BIA to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Ottawa, Canada
July 29, 2021

Ernst + Young LLP

Chartered Professional Accountants
Licensed Public Accountants



THE BARRHAVEN BUSINESS IMPROVEMENT AREA

STATEMENT OF FINANCIAL POSITION

As at December 31, 2020, with comparative information for 2019

Table 1 - Statement of Financial Position - Financial Assets

Financial assets	2020	2019
Cash on deposit with the Corporation of the City of Ottawa	\$213,496	\$173,282
Cash	20	2,076
Accounts receivable	-	2,317
Total financial assets	213,516	177,675

Table 2 - Statement of Financial Position - Liabilities

Liabilities	2020	2019
Accounts payable and accrued liabilities <i>[note 2]</i>	43,146	18,265
Deferred revenue	-	5,145
Total liabilities	43,146	23,410
Net financial assets	170,370	154,265

Table 3 - Statement of Financial Position - Non-Financial Assets and Accumulated Surplus

Non-financial assets	2020	2019
Prepaid expenses	19,184	1,305
Total non-financial assets	19,184	1,305
Accumulated surplus	\$189,554	\$155,570

Contractual obligation *[note 5]*

See accompanying notes

THE BARRHAVEN BUSINESS IMPROVEMENT AREA

STATEMENT OF OPERATIONS

For the year ended December 31, 2020, with comparative information for 2019

Table 4 - Statement of Operations - Revenue

Revenue	Budget 2020	Actual 2020	Actual 2019
Tax revenue <i>[note 3]</i>	\$315,000	\$300,102	\$324,341
Sundry	59,000	21,729	51,775
Payments in lieu of taxation	250	250	250
Total revenue	374,250	322,081	376,366

Table 5 - Statement of Operations - Expenses

Expenses	Budget 2020	Actual 2020	Actual 2019
Salaries	198,400	194,266	169,985
Advertising and promotion	77,000	25,595	70,156
Office supplies	45,150	18,210	42,373
Maintenance	20,500	30,986	27,603
Professional Services	24,700	13,145	13,273
Insurance	6,600	3,604	5,209
Audit fees	1,900	2,291	2,273
Total expenses	374,250	288,097	330,872
Annual surplus	-	33,984	45,494
Accumulated surplus, beginning of year	155,570	155,570	110,076
Accumulated surplus, end of year	\$155,570	\$189,554	\$155,570

See accompanying notes

THE BARRHAVEN BUSINESS IMPROVEMENT AREA

STATEMENT OF CHANGES IN NET FINANCIAL ASSETS

For the year ended December 31, 2020, with comparative information for 2019

Table 6 - Statement of Changes in Net Financial Assets

	Budget 2020	Actual 2020	Actual 2019
Annual surplus (deficit)	-	\$33,984	\$45,494
(Increase) decrease in prepaid expenses	-	(17,879)	8,290
Increase in net financial assets	-	16,105	53,784
Net financial assets, beginning of year	154,265	154,265	100,481
Net financial assets, end of year	\$154,265	\$170,370	\$154,265

See accompanying notes

THE BARRHAVEN BUSINESS IMPROVEMENT AREA

STATEMENT OF CASH FLOWS

For the year ended December 31, 2020, with comparative information for 2019

Table 7 - Statement of Cash Flows - Operating Activities

Operating activities	2020	2019
Annual surplus	\$33,984	\$45,494
Changes in non-cash working capital balances related to operations		
Decrease in accounts receivable	2,317	2,295
(Increase) decrease in prepaid expenses	(17,879)	8,290
Increase in accounts payable and accrued liabilities	24,881	2,365
Decrease in deferred revenue	(5,145)	(272)
Cash provided by operating activities	38,158	58,172

Table 8 - Statement of Cash Flows - Change in Cash and Cash Equivalents

Change in cash and cash equivalents	2020	2019
Net increase in cash and cash equivalents during the year	38,158	58,172
Cash and cash equivalents, beginning of year	175,358	117,186
Cash and cash equivalents, end of year	\$213,516	\$175,358

Table 9 - Statement of Cash Flows - Cash Breakdown

Cash and cash equivalents consist of	2020	2019
Cash	\$20	\$2,076
Cash on deposit with the Corporation of the City of Ottawa	213,496	173,282
	\$213,516	\$175,358

See accompanying notes

THE BARRHAVEN BUSINESS IMPROVEMENT AREA

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The financial statements of The Barrhaven Business Improvement Area [the "BIA"] are the responsibility 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 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, cash on deposit with the Corporation of the City of Ottawa, 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 when 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 the exchange amount, which is the amount agreed to by both parties. During the year, the BIA incurred expenses of \$1,070, which it paid to related parties in return for goods and services, and recognized \$771 in revenues, which was received in return for provided goods and services.

In addition, the BIA is related to all entities under control of the City of Ottawa. As at December 31, 2020, nil [2019 – nil] is included in accounts payable and accrued liabilities that is due to related parties.

3. TAX REVENUE

Tax revenue comprises the following:

Table 10 - Tax Revenue Breakdown

	2020	2019
	\$	\$
General tax levy	320,000	290,794
Supplementary assessments	13,706	44,488
Remissions	(33,684)	(10,922)
Vacancy rebates	80	(19)
	300,102	324,341

4. COVID-19 IMPACT

The outbreak of the novel strain of coronavirus, specifically identified as “COVID-19”, has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. The Government of Canada has announced a new set of economic measures to stabilize the economy during this challenging period. In an effort to provide financial relief to members dealing with COVID-19 restrictions, the BIA elected to suspend its banner invoicing for the second half of 2020. This decrease in funding resulted in a shortfall in other revenue, and the BIA responded by monitoring expenses accordingly.

5. CONTRACTUAL OBLIGATION

In 2020, the BIA entered into a multi-year agreement for tree lighting during the Christmas season, which expires on December 31, 2021. As at December 31, 2020, the total commitment for 2021 is \$27,475.