



City of Hamilton
AUDIT, FINANCE AND ADMINISTRATION COMMITTEE
AGENDA

Meeting #: 23-003
Date: February 16, 2023
Time: 9:30 a.m.
Location: Council Chambers
Hamilton City Hall
71 Main Street West

Tamara Bates, Legislative Coordinator (905) 546-2424 ext. 4102

1. **CEREMONIAL ACTIVITIES**
2. **APPROVAL OF AGENDA**
(Added Items, if applicable, will be noted with *)
3. **DECLARATIONS OF INTEREST**
4. **APPROVAL OF MINUTES OF PREVIOUS MEETING**
 - 4.1 February 2, 2023
5. **COMMUNICATIONS**
 - 5.1 Julie Turner, respecting her resignation from the Hamilton Women and Gender Equity Committee

Recommendation: Be received.
6. **DELEGATION REQUESTS**
7. **DELEGATIONS**
8. **STAFF PRESENTATIONS / PRESENTATIONS**
 - 8.1 Fraud and Waste Annual Report (AUD23003) (City Wide)

9. CONSENT ITEMS

- 9.1 Update on Procurement of Liquid Chlorine in Railway Tank Cars for the Woodward Water and Wastewater Treatment Plants (FCS22050(a)/PW22047(a)) (City Wide) (Outstanding Business List Item)
- 9.2 2020 and 2021 Audited Financial Statements for City of Hamilton Business Improvement Areas (BIAs) (FCS23016) (City Wide)
- 9.3 Hamilton Women and Gender Equity Committee Minutes - December 23, 2022

10. DISCUSSION ITEMS

- 10.1 Hamilton Women and Gender Equity Committee - Citizen Committee Report, respecting Applying a gender lens to the City of Hamilton for the Operational Budget

11. MOTIONS

- 11.1 Constituent Management Software
- 11.2 Council Access to and Copies of Confidential Records

12. NOTICES OF MOTION

- 12.1 Feasibility of a Bring Your Own Device Policy

13. GENERAL INFORMATION / OTHER BUSINESS

- 13.1 Amendments to the Outstanding Business List
 - a. Items Requiring a New Due Date
 - a. Transportation Operations Inventory Audit, Fraud and Waste Investigation, and Follow Up to Audit Report 2013-17 - Public Works - Traffic Inventory

Item on OBL: 22-G
Current Due Date: May 2023
Proposed New Due Date: September 21, 2023
 - b. Items Considered Complete and to be Removed

- a. Procurement of Liquid Chlorine in Railway Tank Cars for the Woodward Water and Wastewater Treatment Plants

Item on OBL: 22-F

Addressed as Item 9.1 on today's agenda

14. PRIVATE AND CONFIDENTIAL

15. ADJOURNMENT



AUDIT, FINANCE AND ADMINISTRATION COMMITTEE MINUTES 23-002

9:30 a.m.
February 2, 2023
Council Chambers
Hamilton City Hall

Present: Councillors C. Kroetsch (Chair), T. Hwang (Vice-Chair), J. Beattie, M. Tadeson, A. Wilson and M. Wilson

Absent with Regrets: Councillor B. Clark – Personal

THE FOLLOWING ITEMS WERE REFERRED TO COUNCIL FOR CONSIDERATION:

1. **Grightmire Arena Lessons Learned – Management Responses Status Report (PW23007/FCS23011) (Item 10.1)**

(A. Wilson/Beattie)

That Report PW23007/FCS23011, respecting Grightmire Arena Lessons Learned – Management Responses Status Report, be received.

Result: Motion CARRIED by a vote of 6 to 0, as follows:

YES - Ward 1 Councillor Maureen Wilson
NO - CHAIR Ward 2 Councillor Cameron Kroetsch
YES - Ward 4 Councillor Tammy Hwang
ABSENT - Ward 9 Councillor Brad Clark
YES - Ward 10 Councillor Jeff Beattie
YES - Ward 11 Councillor Mark Tadeson
YES - Ward 13 Councillor Alex Wilson

2. **2022 City Enrichment Fund Update (GRA23001) (City Wide) (Item 10.2)**

(M. Wilson/Hwang)

That the overall 2022 City Enrichment Fund surplus (attached as Appendix "A" to Report GRA23001), in the amount of \$160,772 be transferred to the City Enrichment Fund Reserve # 112230.

Result: Motion CARRIED by a vote of 6 to 0, as follows:

YES - Ward 1 - Councillor Maureen Wilson
YES - CHAIR Ward 2 Councillor Cameron Kroetsch
YES - Ward 4 Councillor Tammy Hwang

ABSENT - Ward 9 Councillor Brad Clark
YES - Ward 10 Councillor Jeff Beattie
YES - Ward 11 Councillor Mark Tadeson
YES - Ward 13 Councillor Alex Wilson

3. Capital Project Closing Report as of September 30, 2022 (FCS22079(a)) (City Wide) (Added Item 10.3)

(A. Wilson/Beattie)

- (a) That the General Manager, Finance and Corporate Services, be authorized to transfer a net amount of \$289,205.62 to the Unallocated Capital Levy Reserve (108020) and a net amount of \$5,347,466.43 to other reserves as outlined in Appendix "A" to Report FCS22079(a);
- (b) That the General Manager, Finance and Corporate Services, be directed to close the completed and / or cancelled capital projects listed in Appendix "B" to Report FCS22079(a) in accordance with the Capital Projects Closing and Monitoring Policy;
- (c) That Appendix "C" to Report FCS22079(a), Capital Projects Budget Appropriations for the period covering July 1, 2022 through September 30, 2022, be received as information;
- (d) That Appendix "D" to Report FCS22079(a) Capital Projects Budget Appropriations of \$250,000 or greater and Capital Project Reserve Funding Requiring Council Approval, be approved.

Result: Motion CARRIED by a vote of 6 to 0, as follows:

YES - Ward 1 Councillor Maureen Wilson
YES - CHAIR Ward 2 Councillor Cameron Kroetsch
YES - Ward 4 Councillor Tammy Hwang
ABSENT - Ward 9 Councillor Brad Clark
YES - Ward 10 Councillor Jeff Beattie
YES - Ward 11 Councillor Mark Tadeson
YES - Ward 13 Councillor Alex Wilson

4. Citizen Committee Report - Hamilton Women and Gender Equity Committee, respecting Feedback on the Procedural Handbook for Citizen Appointees to City of Hamilton Local Boards (Added Item 10.4)

(A. Wilson/Hwang)

That the Citizen Committee Report from the Hamilton Women and Gender Equity Advisory Committee, respecting Feedback on the Procedural Handbook for Citizen Appointees to City of Hamilton Local Boards, be received and referred to Clerk's staff.

Result: Motion CARRIED by a vote of 6 to 0, as follows:

YES - Ward 1 Councillor Maureen Wilson
YES - CHAIR Ward 2 Councillor Cameron Kroetsch
YES - Ward 4 Councillor Tammy Hwang
ABSENT - Ward 9 Councillor Brad Clark
YES - Ward 10 Councillor Jeff Beattie
YES - Ward 11 Councillor Mark Tadeson
YES - Ward 13 Councillor Alex Wilson

5. Citizen Committee Report - Hamilton Women and Gender Equity Committee, respecting Feedback on the City of Hamilton Code of Conduct for Local Boards (Added Item 10.5)

(A. Wilson/Tadeson)

That the Citizen Committee Report from the Hamilton Women and Gender Equity Advisory Committee, respecting Feedback on the City of Hamilton Code of Conduct for Local Boards, be received and referred to Clerk's staff.

Result: Motion CARRIED by a vote of 6 to 0, as follows:

YES - Ward 1 Councillor Maureen Wilson
YES - CHAIR Ward 2 Councillor Cameron Kroetsch
YES - Ward 4 Councillor Tammy Hwang
ABSENT - Ward 9 Councillor Brad Clark
YES - Ward 10 Councillor Jeff Beattie
YES - Ward 11 Councillor Mark Tadeson
YES - Ward 13 Councillor Alex Wilson

6. Delegated Authority to Staff relating to Water Service Line Leaks (Added Item 11.1)

(Hwang/M. Wilson)

WHEREAS, individual community members, corporations, non-profit organizations, and all other resident entities can delegate to the Audit Finance and Administration Committee to ask for Council consideration for bill adjustments and waiving of penalties, fees, interest accrued relating to charges for water and wastewater services;

WHEREAS, some properties with water meters located at the property line may experience increased water and wastewater/storm billings related to downstream water service line leaks;

WHEREAS, there is no Council approved policy/by-law authority for staff to address water service line leaks and their associated costs to claimants; and

WHEREAS, staff are better equipped to respond to technical and other considerations related to decision making with respect to water service line leaks than members of Council;

THEREFORE, BE IT RESOLVED:

That staff report back to the Audit, Finance and Administration Committee with a Water Service Line Leak Wastewater Bill Adjustment Policy to provide delegated authority for staff to make decisions on bill adjustments, waiving of fees/penalties, or enforcement of fees associated with water service line leaks; such policy to include an evaluation framework that would allow staff to determine the validity of water service line leak claims and appeals.

Result: Motion CARRIED by a vote of 6 to 0, as follows:

YES - Ward 1 Councillor Maureen Wilson
YES - CHAIR Ward 2 Councillor Cameron Kroetsch
YES - Ward 4 Councillor Tammy Hwang
ABSENT - Ward 9 Councillor Brad Clark
YES - Ward 10 Councillor Jeff Beattie
YES - Ward 11 Councillor Mark Tadeson
YES - Ward 13 Councillor Alex Wilson

FOR INFORMATION:

(a) CHANGES TO THE AGENDA (Item 2)

The Committee Clerk advised of the following changes to the agenda:

10. DISCUSSION ITEMS

- 10.1 Grightmire Arena Lessons Learned – Management Responses Status Report (PW23007/FCS23011) Outstanding Business List – ***Appendix A, listed as Confidential, was released publicly***
- 10.3 Capital Project Closing Report as of September 30, 2022 (FCS22079(a)) (City Wide)
- 10.4 Citizen Committee Report - Hamilton Women and Gender Equity Committee, respecting Feedback on the Procedural Handbook for Citizen Appointees to City of Hamilton Local Boards
- 10.5 Citizen Committee Report - Hamilton Women and Gender Equity Committee, respecting Feedback on the City of Hamilton Code of Conduct for Local Boards

11. MOTIONS

- 11.1 Delegated Authority to Staff relating to Water Service Line Leaks

12. NOTICES OF MOTION

12.1 Constituent Management Software

12.2 Council Access to and Copies of Confidential Records

(Hwang/Beattie)

That the agenda for the February 2, 2023 Audit, Finance and Administration Committee meeting be approved, as amended.

Result: Motion CARRIED by a vote of 6 to 0, as follows:

YES - Ward 1 Councillor Maureen Wilson
YES - CHAIR - Ward 2 Councillor Cameron Kroetsch
YES - Ward 4 Councillor Tammy Hwang
ABSENT - Ward 9 Councillor Brad Clark
YES - Ward 10 Councillor Jeff Beattie
YES - Ward 11 Councillor Mark Tadeson
YES - Ward 13 Councillor Alex Wilson

(b) DECLARATIONS OF INTEREST (Item 3)

There were no declarations of interest.

(c) APPROVAL OF MINUTES OF PREVIOUS MEETING (Item 4)

(i) January 19, 2023 (Item 4.1)

(A. Wilson/Tadeson)

That the Minutes of the January 19, 2023 meeting of the Audit, Finance and Administration Committee be approved, as presented.

Result: Motion CARRIED by a vote of 6 to 0, as follows:

YES - Ward 1 Councillor Maureen Wilson
YES – CHAIR - Ward 2 Councillor Cameron Kroetsch
YES - Ward 4 Councillor Tammy Hwang
ABSENT - Ward 9 Councillor Brad Clark
YES - Ward 10 Councillor Jeff Beattie
YES - Ward 11 Councillor Mark Tadeson
YES - Ward 13 Councillor Alex Wilson

(d) DELEGATIONS (Item 7)

(i) **Angelo Cristofaro, Consilium Public Sector Services Inc., respecting Fairness of procurement process for contract number C5-09-22 - Development of a Multi-Year Plan to Build Safer Communities (Item 7.1)**

Angelo Cristofaro, Consilium Public Sector Services Inc., addressed Committee respecting Fairness of procurement process for contract number C5-09-22 - Development of a Multi-Year Plan to Build Safer Communities.

(M. Wilson/Beattie)

That the delegation from Fairness of procurement process for contract number C5-09-22 - Development of a Multi-Year Plan to Build Safer Communities, be received.

Result: Motion CARRIED by a vote of 6 to 0, as follows:

YES - Ward 1 Councillor Maureen Wilson
YES - CHAIR - Ward 2 Councillor Cameron Kroetsch
YES - Ward 4 Councillor Tammy Hwang
ABSENT - Ward 9 Councillor Brad Clark
YES - Ward 10 Councillor Jeff Beattie
YES - Ward 11 Councillor Mark Tadeson
YES - Ward 13 Councillor Alex Wilson

(e) DISCUSSION ITEMS (Item 10)

(i) Pending Staff Reports on the Feedback Received from the Advisory Committees on the new Code of Conduct (in effect May 1, 2023) and the Procedural Handbook for Citizen Appointees to City of Hamilton Local Boards (Added Items 10.4 and 10.5)

(Kroetsch/A. Wilson)

- (a) That staff be directed to report to the Audit, Finance and Administration Committee respecting feedback received from the Advisory Committees on the new Code of Conduct (in effect May 1, 2023) and the Procedural Handbook for Citizen Appointees to City of Hamilton Local Boards; and
- (b) That the reports be released early, to provide the Advisory Committees with sufficient notice in order for them to arrange to delegate on the report, should they wish to do so.

Result: Motion CARRIED by a vote of 6 to 0, as follows:

YES - Ward 1 Councillor Maureen Wilson
YES - CHAIR Ward 2 Councillor Cameron Kroetsch
YES - Ward 4 Councillor Tammy Hwang
ABSENT - Ward 9 Councillor Brad Clark
YES - Ward 10 Councillor Jeff Beattie
YES - Ward 11 Councillor Mark Tadeson
YES - Ward 13 Councillor Alex Wilson

(f) NOTICES OF MOTION (Item 12)

(i) Constituent Management Software (Added Item 12.1)

(Beattie/M. Wilson)

That the Rules of Order be waived to allow for the introduction of a motion respecting Constituent Management Software.

Result: Motion DEFEATED by a vote of 2 to 4, as follows:

NO - Ward 1 Councillor Maureen Wilson
NO - CHAIR - Ward 2 Councillor Cameron Kroetsch
NO - Ward 4 Councillor Tammy Hwang
ABSENT - Ward 9 Councillor Brad Clark
YES - Ward 10 Councillor Jeff Beattie
YES - Ward 11 Councillor Mark Tadeson
NO - Ward 13 Councillor Alex Wilson

(ii) Council Access to and Copies of Confidential Records (Added Item 12.2)

Councillor Kroetsch introduced the following Notice of Motion:

WHEREAS, a Notice of Motion was placed on the Audit, Finance and Administration Committee, on October 21, 2021 directing staff to develop a procedure to allow Members of Council access to Confidential Records such as memoranda of understanding, contracts and other such agreements that are the work product of confidential reports to Council, attached as Appendix A to this motion;

WHEREAS, on November 3, 2021 Clerks staff developed and communicated to all of Council and the public, the Council Access to Confidential Information Procedure (the "Procedure") attached as Appendix B to this motion; and

WHEREAS, on November 4, 2021 the Audit, Finance and Administration Committee deliberated the Procedure; and

WHEREAS, Clerks staff have also developed a Records Guide for Council attached as Appendix C to this motion which provides information to all of Council with respect to the approved processes for accessing Confidential Information.

THEREFORE, BE IT RESOLVED:

That the Council Access to Confidential Information Procedure is amended so that members of City Council have access to confidential information or records in a manner similar to the process used for accessing Closed

Session documents (i.e. through a web-based password-protected document software like eSCRIBE or CitySHARE).

(f) GENERAL INFORMATION / OTHER BUSINESS (Item 15)

(i) Amendments to the Outstanding Business List (Item 13.1)

(A. Wilson/Tadeson)

That the following amendments to the Outstanding Business List, be approved:

- (a) Items Considered Complete and to be Removed
1. Road Maintenance Small Tools and Equipment Inventory Audit and Follow Up to Audit Report AUD11006 (AUD21010) (City Wide)
Item on OBL: 21-M
Addressed as Item 10.7 on the January 19, 2023 agenda.
 2. Grightmire Arena Lessons Learned Audit (AUD22004) (City Wide)
Item on OBL: 22-C
Addressed as Item 10.1 on today's agenda

(g) ADJOURNMENT (Item 15)

(A. Wilson/Beattie)

That, there being no further business, the Audit, Finance and Administration Committee, be adjourned at 11:48 a.m.

Result: Motion CARRIED by a vote of 6 to 0, as follows:

YES - Ward 1 Councillor Maureen Wilson
YES - CHAIR Ward 2 Councillor Cameron Kroetsch
YES - Ward 4 Councillor Tammy Hwang
ABSENT - Ward 9 Councillor Brad Clark
YES - Ward 10 Councillor Jeff Beattie
YES - Ward 11 Councillor Mark Tadeson
YES - Ward 13 Councillor Alex Wilson

Respectfully submitted,

Councillor Cameron Kroetsch, Chair
Audit, Finance and Administration
Committee

Tamara Bates
Legislative Coordinator
Office of the City Clerk



Hamilton

CITIZEN COMMITTEE MEMBER RESIGNATION FORM

I, JULIE TURNER, would like to submit my resignation, effective DEC 23, 2022, 20 , from the WOMEN & GENDER EQUITY ADVISORY COMMITTEE for the following reason(s):

- My circumstances have changed and I know longer have the time to effectively participate on the Committee.
- Personal reasons.
- Other (please explain briefly):

A lack of integration of new members into committee discussions, and a general lack of new member orientation upon joining. Improvements could be made in the new committee member orientation process both at the City level and at the existing committee member level

Additional Comments (optional)



 Signature

Dec 23, 2022

 Date

8.1



**CITY OF HAMILTON
OFFICE OF THE CITY AUDITOR**

TO:	Chair and Members Audit, Finance and Administration Committee
COMMITTEE DATE:	February 16, 2023
SUBJECT/REPORT NO:	Fraud and Waste Annual Report (AUD23003) (City Wide)
WARD(S) AFFECTED:	City Wide
PREPARED BY:	Charles Brown, CPA, CA (905) 546-2424 Ext. 4469 Brigitte Minard, CPA, CA, CIA, CGAP (905) 546-2424 Ext. 3107 Cindy Purnomo Stuve (905) 546-2424 Ext. 2257
SUBMITTED BY:	Charles Brown, CPA, CA City Auditor Office of the City Auditor
SIGNATURE:	

RECOMMENDATION

- (a) That the Fraud and Waste Hotline pilot program be extended through to July 31, 2023 using the existing Council-approved funding allotment (Report AUD18007); and
- (b) That Appendices “A” and “B” to Report AUD23003 be received.

EXECUTIVE SUMMARY

This report is the Annual Report of Fraud and Waste activity and includes the reporting period of July 1, 2021 to June 30, 2022. A total of 107 reports were received and assessed by the Office of the City Auditor OCA during this reporting period. Twenty-two investigations were launched by the OCA, and there was an overall substantiation rate of 32%.

OUR Vision: To be the best place to raise a child and age successfully.

OUR Mission: To provide high quality cost conscious public services that contribute to a healthy, safe and prosperous community, in a sustainable manner.

OUR Culture: Collective Ownership, Steadfast Integrity, Courageous Change, Sensational Service, Engaged Empowered Employees.

SUBJECT: Fraud and Waste Annual Report (AUD23003) (City Wide) - Page 2 of 5

A detailed report containing the types of reports received, investigations opened, and report examples can be found in Appendix "A" to Report AUD23003.

Alternatives for Consideration – Not Applicable**FINANCIAL – STAFFING – LEGAL IMPLICATIONS**

Financial: None. The Fraud and Waste Hotline pilot program extension requested can be accommodated within the funds previously approved by Council. A request for a final decision on the pilot program will be made in March 2023.

Staffing: None.

Legal: None.

HISTORICAL BACKGROUND

By-law 19-181 (Whistleblower By-law), Section 19 – Responsibility of the City Auditor requires reporting to Council semi-annually, in the aggregate, on the number, nature and outcome of disclosures of serious wrongdoing made under this By-law.

On June 27, 2018, Council directed the City Auditor to implement a Fraud and Waste Hotline with intake performed by an independent third party as part of a three-year pilot project. The City's Fraud and Waste Hotline launched in July 2019. Council granted an extension through to April 30, 2023, using existing funding so that this annual report and a hotline evaluation report could be presented to Council in Q1 2023 (was delayed from being reported in Q4 2022 due to the municipal election).

The contract with the third-party vendor that provides intake services and case management software began in early May 2019, as some setup, preparation and training time was required in advance of the July 2019 launch, and currently expires on May 9, 2023.

A request to extend the pilot through to July 31, 2023 is being requested so that a full fourth year of the pilot can be completed, along with some time to either complete a procurement if the hotline is made permanent, or wind up operations if the pilot concludes and the hotline is not made permanent. This extension is able to be accommodated within the original hotline budget that was approved by Council.

SUBJECT: Fraud and Waste Annual Report (AUD23003) (City Wide) - Page 3 of 5**POLICY IMPLICATIONS AND LEGISLATED REQUIREMENTS**

Whistleblower By-law No. 19-181

To Appoint the City Auditor as an Auditor General under Section 223.19 of the *Municipal Act, 2001* By-law No. 19-180

RELEVANT CONSULTATION

Human Resources was consulted as required during the assessment and investigation of Fraud and Waste Hotline reports.

Management was informed of reports relating to their area of responsibility.

ANALYSIS AND RATIONALE FOR RECOMMENDATION

This report is the Annual Report of Fraud and Waste activity and includes the reporting period of July 1, 2021 to June 30, 2022. The 2021 year-end reporting requirement for whistleblower disclosures was fulfilled with Report AUD22003 (April 2022) and this report fulfils the 2022 mid-year reporting requirement for whistleblower disclosures.

Since the Fraud and Waste Hotline launch, there has been an increased level of awareness by employees and management to report fraud, waste and whistleblower matters to the Office of the City Auditor. The Office of the City Auditor would like to acknowledge the reports submitted by employees and management, along with the assistance provided to complete assessments and investigations. Reporting these matters so they can be assessed and investigated increases the City of Hamilton's transparency and accountability.

A detailed report containing the types of reports received, investigations opened, and report examples can be found in Appendix "A" to Report AUD23003. This report does not represent an overall picture of fraud, waste or other wrongdoing at the City of Hamilton as there may be items that were not reported to the Office of the City Auditor or items that remain undetected.

An infographic summarizing the activity can be found in Appendix "B" to Report AUD23003.

The Office of the City Auditor would like to thank members of the public that submitted reports and for providing additional information as requested by the Office of the City Auditor.

SUBJECT: Fraud and Waste Annual Report (AUD23003) (City Wide) - Page 4 of 5**Future Reporting**

The City of Hamilton's Whistleblower By-law (19-181) has a semi-annual reporting requirement. Information about the number, nature, and volume of whistleblower disclosures for the first six months of 2022 are included in this report. The 2022 year-end reporting requirement will be met with the next Semi-Annual Fraud and Waste Report, which is expected to be presented in March or April 2023.

Request to Extend Fraud and Waste Hotline Pilot Program

The Office of the City Auditor recommends that Council approve the extension of the Fraud and Waste Hotline pilot program through to July 31, 2023. The rationale for this is that the current vendor contract expires on May 9, 2023. An extension would be required to extend the contract to provide the OCA the ability to take the Pilot Program evaluation to AF&A in March 2023. Regardless of Council's decision, having a contract in place through to July 31, 2023 would provide sufficient time to either complete negotiations with the existing vendor or to complete a competitive procurement process if a permanent program is approved, or to provide adequate time to wind-down operations of the pilot program if the Fraud and Waste Hotline program is directed to cease operations.

The Office of the City Auditor has been in touch with the current vendor. We are currently exploring an extension – this would be able to be funded within the existing Council-approved funds (\$94,500, 3 years at \$30,000 per year, plus \$4,500 for initial setup costs) for the Fraud and Waste Pilot Program. The pricing obtained by the OCA in the competitive Request for Proposal procurement in early 2019 and subsequent extension resulted in annual pricing below what was approved by Council.

The Office of the City Auditor would complete a Policy 11 (contract extension) if Council approves the extended timeline for the Pilot Program. The extension, if approved, would have a seamless transition, with zero negative impact to the users of the Fraud and Waste Hotline, since the existing vendor would continue to provide uninterrupted service.

ALTERNATIVES FOR CONSIDERATION

Not applicable.

ALIGNMENT TO THE 2016 – 2025 STRATEGIC PLAN**Community Engagement and Participation**

Hamilton has an open, transparent and accessible approach to City government that engages with and empowers all citizens to be involved in their community

SUBJECT: Fraud and Waste Annual Report (AUD23003) (City Wide) - Page 5 of 5**Our People and Performance**

Hamiltonians have a high level of trust and confidence in their City government.

HOW TO SUBMIT A REPORT

The Fraud and Waste Hotline is available for the public, employees, and vendors that do business with the City of Hamilton.



The Fraud and Waste Hotline accepts reports through the following methods:

- **Online:** hamilton.ca/fraud
- **Email:** cityofhamilton@integritycounts.ca
- **Phone:** 1-888-390-0393
- **Mail:** PO Box 91880, West Vancouver, BC V7V 4S4
- **Fax:** 1-844-785-0699

If any reports are received directly by the Office of the City Auditor by telephone, email, fax, mail, or the web-based suggestions form (hamilton.ca/audit) these complaints will be entered directly into the Hotline case management system and assessed similar to any other report.

APPENDICES AND SCHEDULES ATTACHED

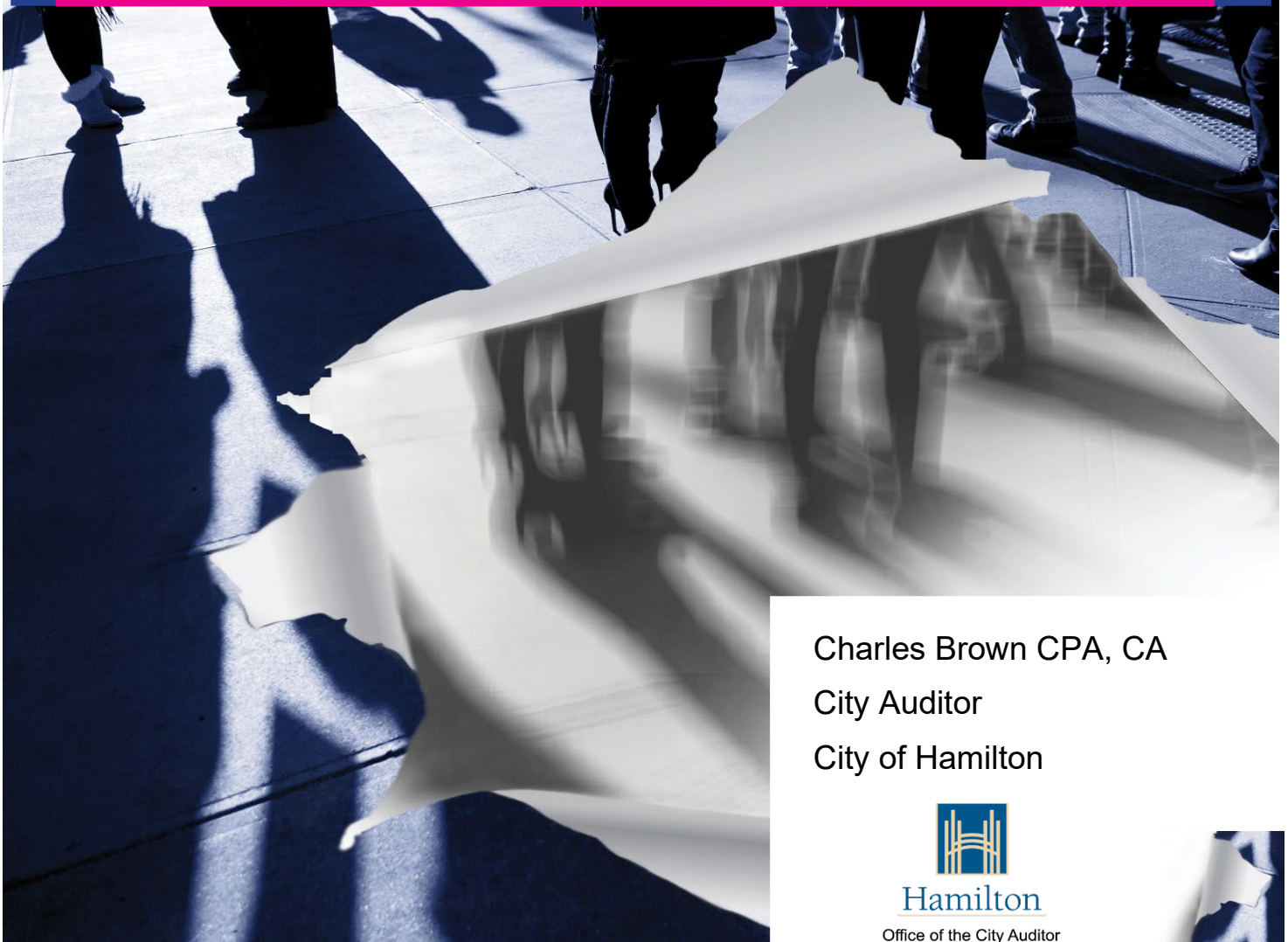
Appendix "A" to Report AUD23003 – Fraud and Waste Annual Report

Appendix "B" to Report AUD23003 – Fraud and Waste Annual Report Infographic

City of Hamilton
Office of the City Auditor

FRAUD AND WASTE ANNUAL REPORT

July 1, 2021 to June 30, 2022



Charles Brown CPA, CA
City Auditor
City of Hamilton



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Summary and Commentary

This year's Fraud and Waste Annual Report reflects the third year of activity of the hotline since it was launched in July 2019. It provides a summary of the complaints received, the investigations launched, and the results and actions that took place related to allegations of fraud and government waste.

During the first year, July 2019 to June 2020, the volume of reports received by the Office of the City Auditor exceeded initial expectations, with 85 reports being received. For the second year, July 2020 to June 2021, the volume of activity continued to exceed expectations with 80 reports received. For the third year, the volume increased significantly with 107 reports received. In fact, that trend has continued during the first six months of the fourth year of implementation, with 74 reported complaints, the highest ever volume for a six-month period. Clearly, the hotline continues to be well used.

With 107 reports received in the most recent reporting year, we have noted that 64% come from employees and 36% from the public. While most of the complaints we receive are dealt with through referral and report back, a significant number, 21%, involve investigation by our office. Overall, the substantiation rate of complaints received was 32%. We also continued to follow the approach of the previous year by making it a practice to initiate spontaneous system or process audits in response to issues that could have systemic repercussions. In that regard we launched audits and/or reviews of Hamilton Municipal Cemeteries Trust Funds (Report AUD23001), Roads Value for Money Audit - Roads Quality Assurance Supplementary Audit Report (Report AUD21006(a)), and IT Asset Management Review (AUD22006).

The purpose of the hotline and ensuing investigation of complaints is to ensure honesty, integrity and accountability in the operations of the City. One of the significant benefits is that it affords an opportunity to identify systemic problems, themes or emerging issues that can be considered by City management in their operations and Council in their governance.

One issue that OCA is bringing forward for the second year in a row is the apparent difficulty that management experiences in properly dealing with conflict of interest situations that arise with employees of the City. Since the hotline was implemented OCA has investigated no fewer than 14 instances (more if reports where conflict of interest is one of several topics being looked into are considered) where either the disclosure process or the related mitigation of the conflict of interest has been an issue. Conflicts of interests continue to be one of the most persistent, serious, and time-consuming types of complaints received and investigated by the OCA.

In our view, the current policy is not clear, and does not lend itself to consistent, accurate and unambiguous interpretation. In practice, potential conflicts are not

being reported, and when they are the process is inadequate to ensure they are properly addressed. The form that is used for conflicts does not match the actual requirements in the policy, and it tends to be completed in a perfunctory manner. Nor does the process ensure that there is a third party, objective determination being made of the nature and severity of each case. In general, we have found that they do not come under adequate scrutiny by senior leadership. Another difficulty is that there is no central repository of conflict declarations, where decisions can be tracked and evaluated for consistency or consulted for precedent. In comparing the City's process with other jurisdictions, we note that some organizations manage conflicts of interest through an annual reminder and disclosure letter from the senior-most leader, with disclosures being adjudicated by them with support from legal services. In our opinion, that approach provides more objective, third party scrutiny to the decisions that are made on whether a situation is a conflict and how it is to be mitigated.

On a related issue, we also note in this year's report that the current Policy on Gifts and Hospitality is silent about the appropriateness of high levels of socializing with contractors or vendors. In these circumstances, employees need to be mindful of the perception that such conduct creates with members of the public, and the impact it can have on staff.

Previously we recommended that senior leadership undertake a review of its current process of Conflict of Interest management to rationalize and improve the effectiveness with which these processes are conducted, and most importantly to elevate the importance of proper disclosure of potential conflict situations. It is our understanding that a review is in progress, as the OCA was consulted by Human Resources to share our findings, experience, and expertise in this area. To these recommendations we would go further with respect to the lessons learned this year related to socializing and relationships with vendors:

- 1) Consider defining and prohibiting "non-pecuniary interests" as part of the Code of Conduct and Procurement By-Law
- 2) Amend conflict of interest policies to ensure avoidance, explicitly, of situations of high socialization with vendors and to give notice to employees that these types of conflict situations will require employees to demonstrate compliance with the Gifts and Hospitality policy.

About the Fraud and Waste Hotline

The Fraud and Waste Hotline provides City of Hamilton employees, contractors, vendors, and members of the public a convenient, confidential, and anonymous way to report suspicion or proof of wrongdoing. Wrongdoing is defined as any activity that could be illegal, dishonest, wasteful, or violates a City of Hamilton policy.



Fraud encompasses any array of irregularities and illegal acts characterized by intentional deception.



Waste involves taxpayers not receiving reasonable value for money in connection with any government funded activities, due to mismanagement or an inappropriate or careless act or omission by those with control over or access to government resources.



Whistleblower By-law No. 19-181 is intended to help uncover serious wrongdoing at the City, by bringing it to the attention of management and the City Auditor or their designate, and to ensure it is addressed appropriately, including by means of an investigation where required. The City of Hamilton has had a Whistleblower By-law in force since 2010 (previously By-law No. 09-227).

The Fraud and Waste Hotline enables the City of Hamilton to operate with a high level of honesty and integrity. The Fraud and Waste Hotline is managed by the Office of the City Auditor (OCA), an independent and objective office accountable to Council.

The Office of the City Auditor reviews and assesses every Hotline report to ensure it was made in good faith and if necessary, launch an investigation. The Office of the City Auditor conducts an objective and impartial assessment of each report, regardless of the alleged wrongdoer's position, title, length of service, or relationship with the City.

Alignment to the 2016-2025 Strategic Plan

Community Engagement and Participation

Hamilton has an open, transparent and accessible approach to City government that engages with and empowers all citizens to be involved in their community.

Our People and Performance

Hamiltonians have a high level of trust and confidence in their City government.

Introduction

This is the Fraud and Waste Annual Report on fraud, waste and whistleblower matters at the City of Hamilton and includes information about the activities of the Fraud and Waste Hotline.

It highlights the reports that have been communicated to the Office of the City Auditor from July 2021 to June 2022. It does not represent an overall picture of fraud, waste, or other wrongdoing across the City of Hamilton.

Fraud and Waste Hotline Program

Pilot launched July 2019

The Fraud and Waste Hotline was established to help protect City of Hamilton assets and reduce losses. Since the pilot launch in July 2019, the cumulative total of actual and potential losses investigated is approximately \$1,157,000, with about \$33,300 recovered via repayments/restitution/asset recovery. Additionally, the Fraud and Waste Hotline provides the following benefits that cannot be quantified:

- Deterring fraud, waste, and wrongdoing,
- Strengthening internal controls and mitigation of risks,
- Improving policies and standard operating procedures,
- Building a culture of accountability,
- Better value in service delivery through increasing operational efficiencies,
- Using hotline report data to identify trends, manage risks, make results-oriented recommendations to management, and inform future audits for the Office of the City Auditor work plan.

No dedicated Fraud and Waste team

The Office of the City Auditor operates the Fraud and Waste program in addition to their other audit, risk assessment, and consulting project assignments. The Office of the City Auditor are a team of professionals who collectively possess the expertise to assess a broad range of reports and conduct investigative work into allegations ranging from simple to complex. When required, the Office of the City Auditor engages outside experts to assist on complex investigations or specialty work due to the small size of the team. Investigation costs are recovered from the home department, per the Fraud Policy and Protocol.

Independent oversight

The Office of the City Auditor also provides independent oversight of management-led investigations by reviewing the adequacy of work performed and evaluating mitigation plans to protect City of Hamilton assets, reduce the risk of future losses, and prevent and deter future fraud, waste, or wrongdoing.

Anonymity of the Fraud and Waste Hotline

Fraud and Waste Hotline intake is independently operated by a third party, Whistleblower Security Inc. Whistleblower Security Inc. provides IntegrityCounts, a Certified Ethics Reporting System, which is a confidential way to report important information and ethical misconduct. Providing any personal information, such as your name, is optional. For any person willing to identify themselves, their information will remain confidential and will not be disclosed unless the City Auditor is compelled to do so by law.

The Office of the City Auditor may have questions or require additional information about a reported incident and will communicate using the Fraud and Waste Hotline anonymous messaging system.

All participants in a fraud and waste investigation are required to keep the investigation details and results confidential.

Role of the City Auditor

The City of Hamilton has appointed the City Auditor as an Auditor General under the Municipal Act (via By-law No. 19-180, and previously No. 12-073). This position has the responsibility to assist City Council in holding itself and its administrators accountable for stewardship over public funds and value for money in City operations. This responsibility is fulfilled by completing audits, operating the Fraud and Waste Hotline and conducting investigations as required.

Report Sources

Reports in good faith are made in one of the following ways:



Online at hamilton.ca/fraud



Email to cityofhamilton@integritycounts.ca



Phone 1-888-390-0393



Mail to PO Box 91880, West Vancouver, BC, V7V 4S4



Fax to 1-844-785-0699

Overview

42 Reports
 Directly Received by the
 Office of the City Auditor
 (Proxy)

33 Proxy Reports Sent by
 Management, HR,
 Procurement, Finance,
 Councillor's Office,
 City Staff

Number of Reports

107

Number of Reports Since Hotline Launch

272

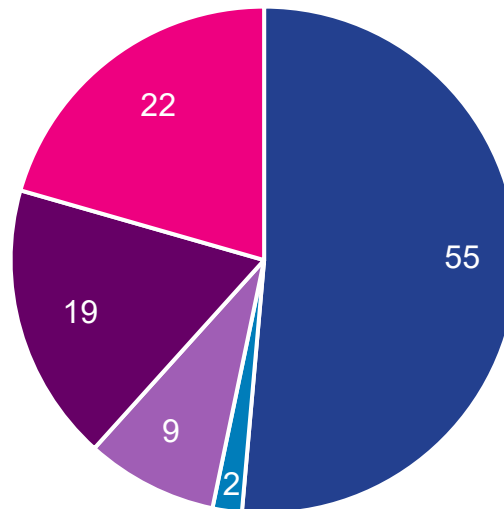
Number of Reports by Source








Report Types July 1, 2021 to June 30, 2022

64% of Reporters
 Self-Identified as an
 Employee

36% of Reporters were
 non-Employees



-  Referral – Response Required – 55
-  Referral – No Action Required – 19
-  No Response Required/ Out of Jurisdiction/ Not Enough Information – 9
-  Investigations Launched (Current Year) - 22
-  Pending/In Progress - 2

Total Investigations
 Launched (Current Year)
 22

\$718,000 Loss or
 Waste/Mismanagement
 Substantiated
 (\$1.157M since
 Hotline launch)

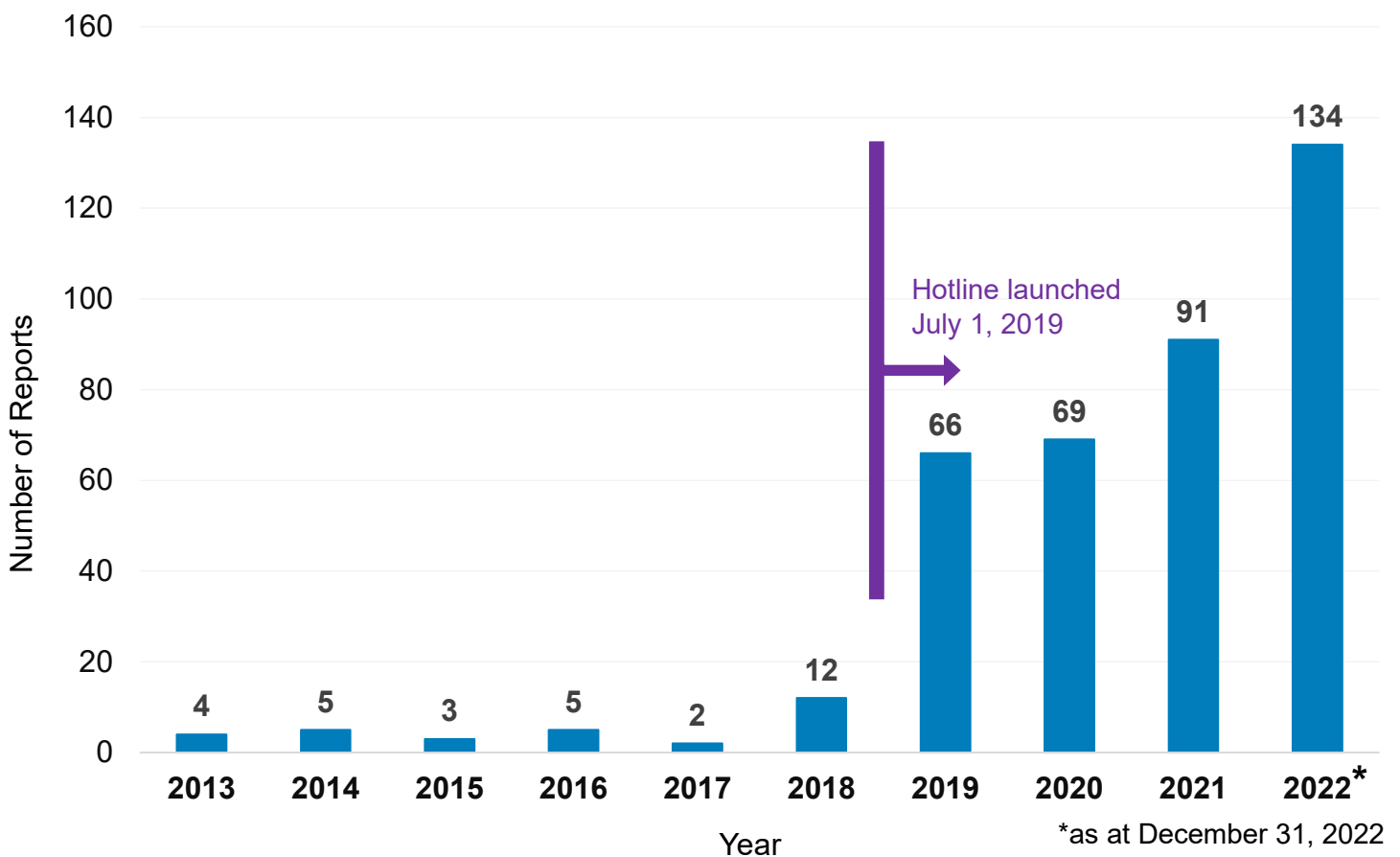
Investigation Type



Historical Volume

This chart depicts the number of fraud, waste, and whistleblower reports from 2013 to June 2022. Between 2018 to 2021, the Office of the City Auditor saw a large increase in reports since the Fraud and Waste Hotline was announced in late 2018 and launched in July 2019. This trend continued into the first half of 2022.

City of Hamilton Fraud, Waste, and Whistleblower Report Volume January 1, 2013 to December 31, 2022



In the first half of 2019, 14 reports were received by the Office of the City Auditor. After the Fraud and Waste Hotline launched in July 2019, there were 52 reports submitted to the Office of the City Auditor using the Fraud and Waste Hotline, for a total of 66 reports in 2019, 69 reports in 2020, and 91 in 2021. In the first half of 2022, 60 reports were received, in the second half 74 were received. There was a total of 272 reports received in the first 36 months of the Fraud and Waste Hotline being operational (July 2019-June 2022).

Work Volume

A total of 107 reports were assessed by the Office of the City Auditor in the twelve-month period between July 1, 2021 to June 30, 2022.

There are no staff dedicated solely to the Fraud and Waste Hotline Pilot Program. Existing staff are used to complete assessments and investigations, with some limited usage of external specialty expertise for investigations that required additional support.

In total, about 4,187 hours were spent on Fraud and Waste Hotline administration, assessment, investigations and reporting during this 12-month period. This is approximately equivalent to 2.3 frontline audit FTEs annually (excluding management's time spent on hotline matters). Another way of looking at the resource requirements, the effort is similar to having completed 4 to 5 audits of significant scope and complexity. There are a total of 5 frontline employees in the OCA. It is estimated that management spends between 30-50% of their time on Fraud and Waste matters, depending on the active number of files at any given point in time. Compared to the prior year, an increased amount of time has been spent on Fraud and Waste Hotline matters. The amount of time spent on Hotline matters has increased in each 12-month reporting period since the launch of the Hotline.

Reports

From July 2021 to June 2022, a total of 107 reports were received and assessed.

Of the 107 reports received, 65 reports were received via the third-party hotline operation. Another 42 reports were received directly by the Office of the City Auditor and were entered as a proxy into the case management system that is provided as part of the IntegrityCounts service contract. Of the 42 proxy reports received directly by the OCA, 20 were made by City Staff, and 11 were received from City Management. Eight items were received directly from citizens, two were received directly from a Councillor's Office and one was received directly from the media.

For reports received regarding Ontario Works (OW) and Housing Services social services matters, these were referred to OW and Housing Services for assessment and investigation. The investigations were handled by OW/Housing Services, not the OCA. The substantiation status is reported to the OCA for tracking the aggregate statistics. The OCA reserves the right to investigate any matter which is not found to be satisfactorily investigated.

Employee Reports

Sixty-eight of these 107 reports were reported by City of Hamilton employees (64% vs 59% in the prior year). Thirty-five of the 68 employee reports were made anonymously (51% vs 49% prior year). The remaining 33 reports were employees that identified themselves. Many of these 33 reports where the employee identified themselves were employees working in HR, Finance, Procurement, and Management where they had an awareness of the Fraud Policy and Protocol and of their responsibility to report matters to the Office of the City Auditor as part of their job duties.

The Office of the City Auditor continues to encourage employees and management to submit reports and thanks all those that submitted reports for this reporting period, and for their cooperation during report assessments and investigations.

Reports from the Public

All reports received from the public were assessed and investigated as appropriate. The Office of the City Auditor continues to encourage members of the public to submit reports and thanks all those that submitted reports for this reporting period and for providing additional information as requested.

Anonymous Reports

When a report is made anonymously, it automatically does not qualify as a whistleblower disclosure per the Whistleblower By-law, although it may meet the definition of serious wrongdoing. The vast majority of the reports the Office of the City Auditor received do not qualify as a whistleblower matter due to the anonymity of the employee. Therefore, the majority of employee reports made would not be able to qualify as a whistleblower disclosure. Fifty-eight of the 107 (54%) reports received for the current 12-month reporting period were anonymous.

It should be noted that anonymous reports are able to be effectively assessed and investigated if the Reporter provides a sufficient level of information. The OCA is able to communicate with an anonymous reporter in the case management system if the Reporter has chosen to enable this feature. City of Hamilton employees continue to prefer making anonymous reports to the Hotline. While anonymity is not necessarily a constraint to the Office of the City Auditor

investigations, the ability to dialogue with a Reporter through the IntegrityCounts online messaging system has proven effective in assisting with investigations.

Reports Involving Whistleblower



1

July to December 2021
(Previously Reported)

2

January to June 2022

Whistleblower Disclosure

By-law 19-181 (Whistleblower By-law), Section 19 - Responsibility of the City Auditor requires reporting to Council semi-annually, in the aggregate, on the number, nature and outcome of disclosures of serious wrongdoing made under this By-law. Previously, there was a quarterly reporting requirement. Activity for July to December 2021 was reported to Council in March 2022.

There were three qualifying Whistleblower disclosures from July 2021 to June 2022.

One item was reported in the Fraud, Waste, and Whistleblower Semi-Annual Update (AUD22003) covering the period July 2021 to December 2021. The report category is Multiple Categories Applicable (Vendor/Contractor Wrongdoing and Other-Quality Assurance) and the report was found to be substantiated.

There were two reports received from January to June 2022. The first report's category was Multiple Categories Applicable (Improper Financial/Budget Reporting and Waste) and the outcome is pending as the investigation is in progress. The second report's category was Multiple Categories Applicable (Reprisal and Improper Financial Reporting/Budgeting). The report was found to be partially substantiated.

Report Categories

A wide variety of reports were received by the Office of the City Auditor for the 12-months covered in this reporting period. The top most common report categories were the following:

Top Report Categories (Current Year) Period Summary: July 1, 2021 to June 30, 2022

Multiple Categories Applicable	29
Social Services – Fraud/Wrongdoing	19
Time Theft and/or Misconduct	10
Out of Jurisdiction	9
Conflict of Interest	6
Fraud/Wrongdoing	4
Improper Financial Reporting/Budgeting	4
Waste	4
Contractor/Vendor Wrongdoing	3
Employee Benefits Fraud	3
Service Complaint/Concern	3
Phishing/Identity Theft	2
Misuse of City Resources	1
Public Safety	1
Reprisal	1
Other Various Categories	8
Total Reports	107

Having the top report category be “Multiple Categories Applicable” is indicative of the growth in complexity of the reports we receive, many of which contain multiple allegations that need to be assessed and investigated (if applicable).

Prior Year Reports

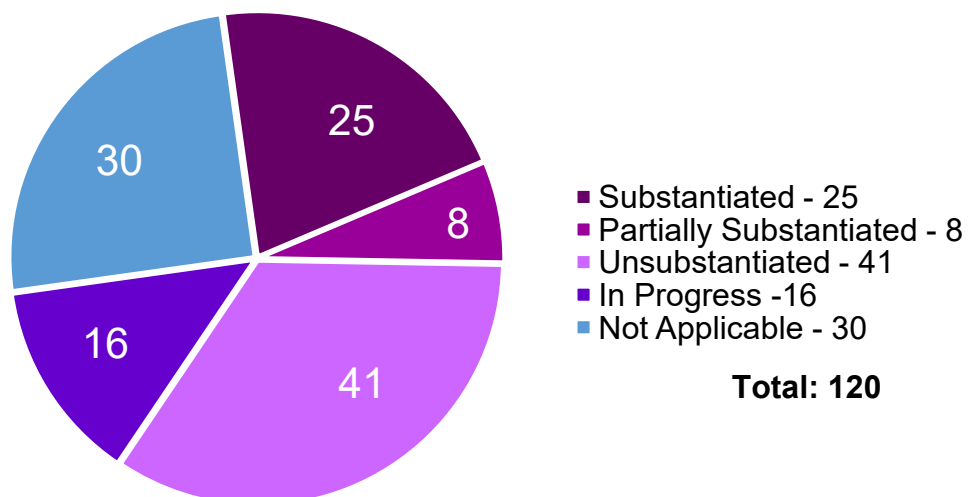
Thirteen open reports were reported at the time the 2020-2021 Fraud and Waste Annual Report was issued. The assessments and investigations were completed by the Office of the City Auditor with the following outcomes: 6 were substantiated, 2 were partially substantiated, and 4 were unsubstantiated, and 1 has an outcome pending. There is one prior year report open, the substantiation result and any losses and recoveries will be reported in the next Fraud and Waste Annual Report. Outcomes are included in the section below for reports that were closed during the current reporting period.

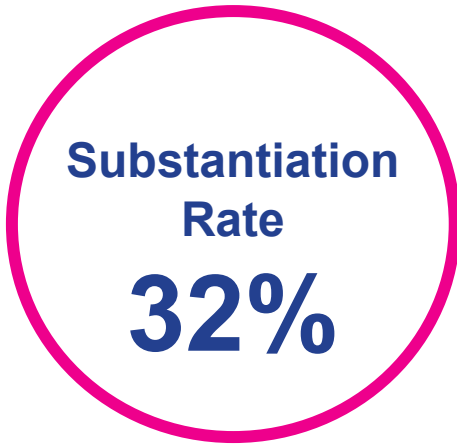
Substantiation

One way of summarizing outcomes is to report on the volume of reports that were substantiated, that is the number of reports where the allegation(s) were found to have merit and were able to be proven by reviewing evidence or with findings from interviews.

Of the reports received from July 2021 to June 2022 (plus any carryforward reports from prior years) the following is a summary of substantiation status. A substantiation result is not applicable (N/A) if a report was out of jurisdiction, the assessment result was that no action was to be taken, or if the report was to be referred elsewhere.

Volume of Reports Substantiated





Typically, a result is “in progress” if the report is still in process of being assessed and/or investigated. Overall the current substantiation rate including carryforward reports from the previous reporting period (both substantiated and partially substantiated) is 32%.

The City of Hamilton’s substantiation rate for the prior reporting period was also 32%. For comparative purposes, in the City of Toronto Auditor General’s 2021 Annual Report on the Fraud and Waste Hotline, 17% of complaints investigated were substantiated in whole or in part. In the City of Ottawa’s 2021 Report on the Fraud and Waste Hotline, 26% of reports investigated and closed in 2021 were substantiated. The substantiation rate will typically vary annually, depending on the mix of reports received by the OCA and the number of reports in progress at the end of reporting period, which have their substantiation rate counted in the year that the work is completed and the report is closed.

**Loss or Waste/
Mismanagement
Substantiated**

It is difficult to measure or substantiate a precise cost of fraud and waste. Incidents sometimes remain undetected for long periods of time. It is also challenging at times to determine the time period that a fraud or waste was occurring, which makes it hard to quantify losses.

\$1.157M
**Loss or Waste/
Mismanagement
Substantiated
Since Hotline
Launch**

As at December 31, 2022, the amount of confirmed loss or waste substantiated by the Office of the City Auditor since the last Annual Report was issued was \$718,000. Of this this amount, \$8,600 was fraud and \$709,400 was waste. Since the launch of the Hotline cumulatively \$1,157,000 of loss or waste has been substantiated. Of this amount \$110,600 was fraud, \$987,400 was waste, and for \$59,000 a category could not be determined.



Disciplinary Action

The Office of the City Auditor is not responsible for disciplinary actions (including terminations). Investigation results are shared with Management and Human Resources. The Office of the City Auditor is informed of terminations and disciplinary actions, and this information is tracked and compiled for reporting purposes. The number of disciplinary and other actions will vary from year to year. This number is not controlled by the OCA and is reported for information purposes only. It is normal for the volume of disciplinary actions to vary each year.

As at the date of report publication, the following disciplinary actions related to investigations had been confirmed by the Office of the City Auditor since the issuance of the last Fraud and Waste Annual Report:

- 2 Terminations,
- 4 Other Actions Taken (includes employee resignations, retirement and process improvements implemented).

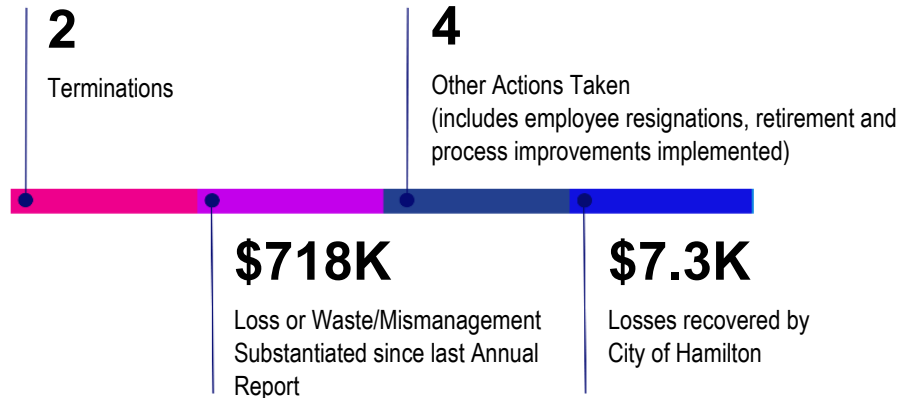
Recoveries and Impact

As at December 31, 2022, the City of Hamilton recovered about \$5,300 of losses and recovered approximately \$2,000 in City assets since the last Annual Report was issued.

The impact of fraud and waste to an organization goes well beyond financial impact. There are also non-financial impacts such as impact to reputation, impact to other staff working in an affected area. The level of effort to investigate allegations of fraud and waste are quite high.

Sometimes there is a time lag for the completion of an investigation and calculating the losses. As there are 17 open reports at report issuance, there may be additional losses and recoveries that will be reported in the next Fraud and Waste Annual Report.

Report Outcomes



Report Examples

Introduction

To provide more information about the type of reports that the Office of the City Auditor receives and assesses, several report examples are provided in pages 18-28 of this annual report.

The reports included here provide examples of:

- fraud,
- waste/mismanagement; and,
- combined fraud and waste/mismanagement reports.

All items qualifying as a "Serious Matter" per the "City Auditor Reporting of Serious Matters to Council Policy" for the reporting period have been previously reported to Council. There were five items that qualified under this Policy in 2020-2021 Fraud and Waste Report, and since then, a further three items have been reported.

1. AUD20006 City Auditor Reporting of Serious Matters to Council (two serious matters reported)
2. AUD20010 City Auditor Reporting Serious Matters to Council (Case #26158)
3. AUD21005 City Auditor Reporting of Serious Matters to Council (Case #37265)
4. AUD21007 City Auditor Reporting of Serious Matters to Council (Case #39691)

5. AUD22001 City Auditor Reporting of Serious Matters to Council (Case #52693)
6. AUD22002 City Auditor Reporting of Serious Matters to Council (Case #50695)
7. AUD22009 City Auditor Reporting of Serious Matters to Council (Case #58061 Taxi Scrips)

Report Examples

Conflict(s) of Interest #1

It was reported that a member of City management allegedly had a significant social relationship with two vendors that were afforded favourable treatment in how they were being selected for contract work with the City and in how the work was administered and overseen.

The OCA investigated and found that both vendors received substantial business with the City over a period of several years. OCA found that the leader did have social relationships with the two vendors that involved significant socializing and fraternization. Staff reporting to the manager recognized the special relationships that existed between the leader and these vendors and were demonstrably influenced by it for at least one of the vendors.

OCA concluded the leader's relationships with these vendors constituted undisclosed conflicts of interest. As a result of the influence of these social relationships, the vendors were accorded favourable treatment in the procurement of their services, and policies meant to ensure fair and transparent contract management were poorly administered. In the case of one of the vendors serious performance issues were ignored, and belligerent behaviors toward staff were tolerated.

In the course of the investigation, OCA found multiple examples of fraternization, socializing and favours exchanged between the leader and various other vendors, in addition to the two that were the focus of the investigation. We concluded that these circumstances impacted the culture of the business area, and how business was done, setting a very low bar for compliance and observance of Code of Conduct requirements. OCA also concluded the City should consider strengthening current policy with respect to the potential for conflicts of interest involving non-pecuniary interests and situations of extensive socializing with vendors.

The leader has since left the City.

City Recovers Costs Due to OCA Inquiries

Two complaints were received where ultimately some costs were able to be recovered by the City.

In one instance, a lessee was not compliant with lease terms. The OCA asked management to investigate and determine if some costs that were contractually to be borne by the Lessee could be recovered. Ultimately about \$3,700 was found to be recoverable and was pursued through the Accounts Receivable process.

In a second instance, it was found that a contractor damaged City property. The OCA completed some fact finding and asked management to further investigate and determine if some damages were recoverable. Ultimately about \$1,600 in damages were pursued by the City via the Risk Management process.

Inappropriate Conduct by a Leader

A report was submitted to the OCA about a leader violating the City's Employee Code of Conduct and Personal (Workplace) Harassment Prevention policies. The OCA requested HR to assess the report and investigate as appropriate. HR reported to the OCA that some of the allegations were substantiated.

Conflict(s) of Interest #2

A manager responsible for the oversight of a portfolio of high value capital projects was found to have a close relative who works in a leadership position for one of their frequent contractors. The close relative was directly involved in at least six City of Hamilton capital projects. The total dollar value of these projects was about \$41 million.

The relative's role was found to consist of participation in meetings, project management, coordinating schedules, discussions relating to project change orders, meeting specifications, and determining the completion of work that are used for contract payments. Many, if not all of these duties included interactions with City staff that worked in the area headed up by the manager, who had responsibility for evaluating and ensuring quality of work of the contractor. Overall, the City did about \$69 million worth of business with this vendor over two years, with an estimated \$67 million overseen by the manager's team.

In addition to the above, the OCA found that the manager had another relative (another relationship that is supposed to be disclosed per the City's Code of Conduct) working at a contractor to the City that the manager would oversee. The relative was found to be directly involved in at least six City of Hamilton capital projects. The total dollar value of these projects was about \$9 million. Overall, the City did about \$26 million worth of business with this contractor over

2 years, with an estimated \$18 million overseen directly by the manager and their team.

Both these family relationships remained undisclosed until after the OCA after began to make inquiries, after which the manager completed the Code of Conduct Disclosure Form. The disclosure was completed years later than it should have been, and the mitigation plan proposed by the manager was found by OCA to be wholly inadequate.

While investigating the conflicts of interest, we also found a third issue to investigate regarding the tracking of vacation time. It was found that the leader was not following and enforcing City-wide policies for vacation carryover and that the submitted vacation records maintained for their area of responsibility were falsified.

As a result of the investigation findings, management made the decision to terminate the leader.

Waterdown Gardens

On February 16, 2021, the City was notified of a Statement of Claim issued by Waterdown Garden Supplies Ltd. and others ("WGS") seeking \$75M in damages based on allegations that thousands of loads of contaminated soil taken from City sites were illegally deposited on its lands and that this illegal dumping was facilitated by a criminal conspiracy involving two named City employees.

In the 2020-2021 Fraud and Waste Annual report, it was noted that an independent investigation had commenced through the Office of the City Auditor to ascertain if there is any credence to the claims against the named employees. The investigation was conducted by Kroll.

The investigation was completed, with Committee and Council notified of the results in December 2021. The investigation found no information that would indicate that contaminated soil from the Woodward and Governor's Road public works projects was improperly disposed of at the named soil fill site (also known as the "Waterdown Gardens property).

Kroll identified documentation indicating that contaminated soil accepted by the soil fill site came from locations outside the City of Hamilton. Furthermore, the investigation determined that allegations that two City employees were involved in the haulage of contaminated soil to the property were also unsubstantiated. As a result, both employees identified in the statement of claim were reinstated to their regular duties by management.

Roads Value for Money Audit – Additional Issues Identified

After the Roads Value for Money (VFM) Audit Report (AUD21006) was issued in July 2021, the OCA received a report alleging that there were additional critical issues that were not considered in the audit that were a detriment to the value for money obtained from the City's road infrastructure projects.

After completing a preliminary assessment, the OCA decided to investigate these additional two issues. Ultimately a limited scope supplementary Roads VFM Audit was completed and was issued in August 2022 as Report AUD21006(a) Roads Value for Money Audit – Roads Quality Assurance Supplementary Audit Report.

The two main concerns were weaknesses in the processes for weight validation of placed construction materials and disposed excess contaminated native material, where the contract payments are tied to the weights of such materials, and the processes for testing and validating whether asphalt friction course aggregates used for high volume roads align with contract specifications and job mix formulas.

The two main concerns were included in the audit scope and were found to be substantiated. Regarding the issue of the verification of weighted material, it was determined that processes in place were not always followed which leaves the City exposed to increased cost due to the possibility of mismanagement or overcharges for these materials by contractors.

Regarding the lack of a quality review for asphalt aggregates used, it was determined there was no standard documented process in place, but reviews were being performed. The lack of a standard documented process put City projects at risk for not receiving the quality paid for and required under these types of contract.

OCA made five audit recommendations to address the issues and their associated risks. Management agreed with all five recommendations and is currently implementing their management responses, with a direction from Council to report back to the AF&A committee by August 2023.

Financial Reporting Error

The OCA received a report regarding 10 Newman Road in Dundas, where a building permit had been issued in error by the City. The City had made a settlement with the owner of the property, which included acquiring the property, building demolition, site cleanup and naturalization, which was completed in 2020. Council had directed that all expenses were to have been drawn from Account #104050 Building Permit Stabilization Reserve fund (public document as part of the City's financial statements). The reporter noted that this was not

reported in the Reserve fund in 2020-year end reporting and had concerns regarding transparency of the matter.

The OCA investigated and found that the costs (settlement costs, demolition, site cleanup and naturalization costs) were not charged to the reserve fund in error by Finance which substantiated the complaint. Finance corrected the error but noted that Reserve Fund information is reported only annually and would be made public as part of the 2021 year-end financial reporting, which occurred in mid-2022.

OCA confirmed that the correction was included in the 2022 reserve reporting, with the total amount in the 2021 Annual Reserve report (public document) appearing as "other expenses" of \$250,000. Gross settlement costs were directed to remain confidential by Council, so the OCA is unable to disclose further details of settlement related costs beyond the publicly available information. Additionally, the OCA learned that a further \$42,000 was spent by the Forestry Section on reforestation costs, costs which would not have been otherwise incurred by the City. Total waste is therefore at least \$292,000.

DARTS Fleet Management and Vehicle Safety

A fraud and waste complaint was received alleging that a DARTS subcontractor performing maintenance on part of their fleet, did not have professional mechanics servicing the vehicles used in providing DARTS services, and that vehicles were being put on the road that were unsafe due to inadequate inspection and maintenance.

The OCA requested that the Transit Division investigate this matter further and to report back what it found to OCA. Transit began to investigate and while doing this, worked with Legal and Risk Management Services to enforce the City's contractual rights with DARTS per the Master Operating Agreement (MOA).

While the Transit Division continued to investigate, areas of concern remained, including incomplete vehicle inspection tracking, certificates of insurance (COI) not being readily available, and issues with COIs when they were provided.

As a result of the above information the OCA made the decision to independently investigate this matter further by undertaking a full audit of DARTS' vehicle maintenance and fleet management. DARTS is an external organization that provides accessible transit services in Hamilton under contract with the City. The OCA used the services of Fleet Challenge Canada (FCC) to conduct the main parts of the review.

The primary tool used to evaluate the state of inspection and maintenance practices of DARTS was a planned sample of 40 (39 actual) vehicles during the first week of the review. The results were unequivocally poor. OCA found that 46% of the vehicles failed the independently conducted inspections.

The audit also found numerous issues relating to safety, and many opportunities for improvement. Issues were found with brakes, tires, exhaust systems, steering and suspension systems, including a "singular matter of urgency" – that being defective and/or seized emergency brakes which bear "rollaway" risk.

Various other weaknesses were found related to inspection processes, quality assurance, safety awareness and training, contract oversight, qualifications, data management, and minimum standards requirements. OCA concluded that the DARTS subcontractors were seemingly incapable of maintaining their fleets to the standards of safety required.

The consultant also concluded that "...for a commercial operation that serves a vulnerable population, we found this to be unacceptable, indicating an inadequate level of inspection and maintenance rigor that is systemic."

Overall, a total of 73 recommendations were made in the audit report (Report AUD22007).

Commercial Business Being Run at A City owned property

The OCA received an anonymous report of a commercial business operating at a City-owned property that was licensed from the City for a nominal fee by a community sports organization, who in turn was allowing a commercial business to operate at the location rent-free and the City was not receiving any benefit from the commercial business' revenues. In essence, the issue was having a commercial business in the City location violated the spirit of the original lease agreement.

Initially, the Reporter did not provide the name of the business. In April, 2021, the OCA used the IntegrityCounts messaging system to request this information, and ultimately received it, so a preliminary assessment was able to be completed.

Ultimately the OCA found the report to be substantiated. It was also found that the license agreement had expired in 2013 and continued to operate on a month-to-month basis.

OCA made five recommendations to minimize risk and liability to the City, and to strengthen the licensee agreement with the community organization and other licensee agreements with sport and community groups.

In addition to the recommendations, the OCA decided to initiate an audit of leases and licenses. This audit is currently in the final stages of fieldwork. The audit report will be presented to Audit, Finance and Administration Committee when the audit has been completed.

Community Group Sub-letting City facility to others at a profit

It was alleged that a community group that leased a City facility for a nominal fee was sub-leasing portions of the facility to tenants at a profit. OCA conducted a preliminary assessment and the allegation was found to be substantiated. The intent of leasing City facilities to community groups is for broader community benefit, not for profit to be made by the lessees.

In addition, the lease expired in 2000 but has not been renewed, with the tenant continuing to occupy the building. In general, OCA found the risks associated with leasing and licensing to be significant, and as noted above, the OCA decided to initiate an audit of leases and licenses. This audit is currently in the final stages of fieldwork. The audit report will be presented to Audit, Finance and Administration Committee when the audit has been completed.

Petty Cash Shortage

A Division's finance team notified OCA of a petty cash shortage they identified as part of their annual inquiries (for 2021) into their petty cash locations. One location reported a shortage of about \$80 from a \$200 petty cash account. The explanations provided by the petty cash custodian was that the shortage was due to a duplicate payout and this shortage existed since 2020. The custodian did not report the shortage until asked as part of the annual petty cash review. Due to COVID, an on-site petty cash count was not conducted by Finance in 2020, which delayed discovery of the shortage.

Based on OCA recommendations, the Division's management addressed the shortage with the custodian and reviewed the petty cash practices and related policies. As a result, this Department will be closing and eliminating petty cash in all of their Divisions.

Hamilton Municipal Cemeteries Trust Fund Management Issues

A report was received by the Office of the City Auditor related to Cemeteries Trust financial reporting. In the case of the Cemeteries Trust, the City of Hamilton has a duty to protect the assets of the trust and to follow the regulations of the *Funeral Burial and Cremation Services Act (FBCSA)* as overseen by the Bereavement Authority of Ontario (BAO). After completing a preliminary assessment, the OCA decided to conduct an audit of Hamilton Municipal Cemeteries Trust Funds. The audit results were reported in January 2023 via Report AUD23001.

Several issues were noted including: monies which should go to the respective Cemeteries Trusts were not put in the Trusts, or were being borrowed from the Trusts which results in lost interest that should go towards cemetery costs and maintenance; erroneous revenue recognition of cemetery sales and trust money

which results in inaccurate financial reporting; the risks of switching to a new cemeteries management system was not properly assessed and considered which may put us at risk of security and data loss as well as operational issues; and weaknesses in Cash Handling controls which expose us to potential fraud risks.

Additionally, some compliance issues were noted. It was found that the City is not in compliance with the timing and record keeping requirements of the *FBSCA* which puts the City at risk to be fined by the BAO. There were also issues with City By-laws regarding non-compliance with the Council-Approved User Fee schedule and applying of non-resident surcharges which results in lost revenue.

Seventeen recommendations were made by the OCA to bring the Cemeteries Trusts into compliance with the *FBSCA* and the City By-laws, to address the financial statement issues noted, and to improve governance and controls within the Cemeteries Trusts processes.

Stolen iPads

A City of Hamilton resident reported that they purchased a brand-new sealed 9th Gen iPad from Facebook Marketplace, and the first time they powered up the device the screen displayed "City of Hamilton Remote Management". The resident identified the individual who sold them the iPad. This issue was investigated by the City's Labour Relations. The allegation was substantiated, the matter was reported to the police, and the person involved is no longer employed by the City. This iPad was one of 18 that had gone missing.

As a result of this incident, OCA completed a preliminary assessment and decided to complete a review of IT Asset Management with a focus on mobile devices. We engaged a highly regarded IT security firm to complete the review. The review assessed the data and information privacy and security risks that could arise when these types of assets are misappropriated. Ultimately eight recommendations were made - four regarding IT Asset Management and four to address privacy and security risks. The review findings were shared as Report AUD22006. Four iPads were ultimately recovered.

Conflict(s) of Interest #3

Our office received reports that an employee in a service area responsible for strategic, sensitive, and often with high dollar value acquisitions and dispositions, has a spouse that is an executive at a local firm in the same industry. Our preliminary assessment found that while the employee completed and filed the required Code of Conduct disclosure (albeit after significant time had elapsed since the conflict had begun), the mitigation proposed and agreed to with management was found to be weak in addressing the Conflict of Interest.

It was also alleged that the employee breached confidentiality by disclosing non-public information about the potential sale of a City-owned asset. An investigation into this allegation was completed and it was found to be unsubstantiated. OCA believes the circumstances demonstrate the critical importance of having a strong mitigation plans in place to protect both the City and employees when reports of conflict of interest allegations are received.

Year End Inventory Discrepancy: Significant Write-Off Required

A report was received relating to a significant discrepancy within a Division's inventory records, where it was found that supplies worth approximately \$200,000 was not physically found during the year-end inventory count in 2021.

During this period the Division had experienced numerous challenges such as implementing a new inventory system, hired new staff, ongoing COVID-19 pandemic response pressures, etc., and thus it was likely that these supplies were used up but were not properly flowed through the system. This was never proven however, and the entire amount was ultimately written off for the 2021 year-end.

Since then, Finance, in conjunction with the Division, has been performing monthly inventory reconciliations to monitor for any further discrepancies. As the new inventory system is now fully operational, OCA staff attended the 2022 year-end inventory count (unannounced to the Division) to gauge the effectiveness of current internal controls relating to inventory management and found minimal issues. The OCA also had Finance attend the year-end inventory count so the OCA could provide guidance on how Finance could conduct audit procedures at future year-end inventory counts to ensure that the recent successes are replicated in future fiscal years.

Ontario Works Fraud

A report was received alleging that an individual was receiving income support from Ontario Works (OW) while living a lavish lifestyle (e.g. plastic surgery, overseas vacations, property purchases in other countries, etc.) and was allegedly leading a double life in Canada and another country. It was alleged that they had a residential address in Hamilton as they were on a rental lease with their spouse; however, they allegedly did not live in Hamilton with the spouse.

The OCA requested that Ontario Works review the allegations and report back on the substantiation status. The allegations were found to be substantiated and OW informed the OCA that an investigation was launched. OCA does not know the overall financial impact of the fraud, as the investigation is managed by Ontario Works.

Other Report Examples

Although the Office of the City Auditor may find some reports not to be substantiated, there are reports that show significant control weaknesses. Some unsubstantiated examples are also provided for insight into the varying outcomes that can occur when cases are assessed and investigated.

Vexatious Report Made in Bad Faith

.....

A report was made that alleging that a City employee inappropriately used a City database to obtain personal information about a resident and used this information to harass the resident. The OCA requested that management investigate the matter and report back to the OCA. Management provided a comprehensive report summarizing their investigation to the OCA. Overall, both allegations were found to be unsubstantiated, with the report being made in bad faith and was also of a vexatious nature. The Reporter, who is not an employee of the City, was found to have been in a personal dispute with a member of the employee's family. As a result, the case was closed.

Unsubstantiated Contractor Value for Money Concerns

.....

A report was received by the OCA with concerns about the conduct of a contractor that was working on a City capital project. It was alleged that the several workers from the contractor could be observed standing around and not working as the City had contracted them to do, wasting taxpayers' money. The OCA conducted a preliminary assessment and requested information about the contract from management.

Upon completing the review of information and evidence relevant to this report, the OCA found this report to be unsubstantiated.

The contract was found to be a unit price contract, which means that the work required to complete the reconstruction is broken into defined pieces, which are then defined by units (linear metres, tonnes, etc.), and paid out only as the work is completed. In a unit price contract, the City doesn't pay the contractor based on the time it takes to complete, but by the units as defined in the contract. As the contract was completed on time, and the amount paid to the contractor was based only on the deliverable, any alleged waste of time or money would not have accrued to the City.

**Unsubstantiated
Allegations of
Subsidized
Housing
Benefits Fraud**

.....

A report was received by the OCA alleging that two individuals were residing in a Rent Geared to Income (RGI) subsidized housing unit but were both employed full time and were purchasing "luxury" items. The OCA asked the Housing Services Division to investigate. Housing Services reported back to the OCA that the unit where the individuals were residing was in fact a market rate unit (no housing subsidy being received). The report was found to be unsubstantiated.

Conclusion

The Fraud and Waste Hotline has been operational since July 2019 as a 3-year pilot program. Based on the experiences of other Canadian cities that operate similar fraud and waste hotlines, it was estimated that the City of Hamilton would receive 50-70 reports in a 12-month period. During the first year of the pilot period, July 2019 to June 2020, the volume of reports received by the Office of the City Auditor exceeded the initial expectations, with 85 reports received. For the second year of the pilot period, July 2020 to June 2021, the 80 reports received also exceeded the original forecast, as did the third year ending June 30, 2022 with 107 reports.

Overall, the first thirty-six months of the Fraud and Waste Hotline operation have seen a high volume of reports assessed and investigations launched as appropriate.

Without a Fraud and Waste Hotline in place, it is likely that many of these reports would not have been received by the Office of the City Auditor and wrongdoing involving City resources may have continued. Generally speaking, it indicates Hamiltonians and employees alike share the commitment in protecting the City of Hamilton's revenue, property, information and other assets and resources from fraud, waste and other wrongdoing.

**Office of the City
Auditor**

Charles Brown, CPA, CA
City Auditor

Brigitte Minard, CPA, CA, CIA, CGAP
Deputy City Auditor

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Nancy Hu, CFE, CIA
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Phone: 905-546-2424 ext. 2257

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SPEAK UP – Reporting Fraud and Waste

Online: hamilton.ca/fraud

Phone: 1-888-390-0393

Mail: PO Box 91880, West Vancouver, BC V7V 4S4

Email: cityofhamilton@integritycounts.ca

Fax: 1-844-785-0699

Copies of our audit reports are available at: hamilton.ca/audit

Alternate report formats available upon request.



Hamilton
Office of the City Auditor

Appendix "B" to Report AUD23003

FRAUD AND WASTE ANNUAL REPORT

July 1, 2021 to June 30, 2022

Total Reports

Current Year	107
Prior Year Carryforward	13
Reports Since Hotline Launch	272

Number of Reports by Source

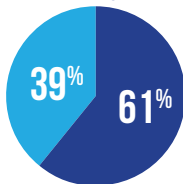


Investigations Launched by Office of the City Auditor **22**

Top Report Categories (Current Year)

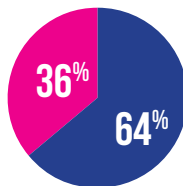
Multiple Categories Applicable	29
Social Services – Fraud/Wrongdoing	19
Time Theft and/or Misconduct	10
Out of Jurisdiction	9
Conflict of Interest	6
Fraud/Wrongdoing	4
Improper Financial Reporting/Budgeting	4
Waste	4
Contractor/Vendor Wrongdoing	3
Employee Benefits Fraud	3
Service Complaint/Concern	3
Phishing/Identity Theft	2
Misuse of City Resources	1
Public Safety	1
Reprisal	1
Other Various Categories	8
Total Reports	107

Reports Directly Received by the Office of the City Auditor (Proxy)



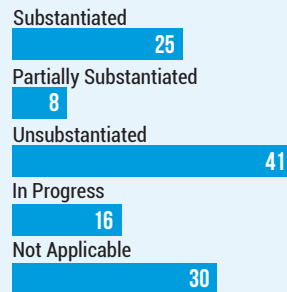
Hotline 65 (61%)
Proxy 42 (39%)

Employee Reports



Self-Identified 68 (64%) as an Employee
Non-Employee 39 (36%)

Volume of Reports Substantiated (Total Current and Carryforward Prior Year Reports)



Overall Substantiation Rate **32%**

Report Types

Referral – Response Required	55
Referral – No Action Required	19
No Response Required / Not Enough Information / Out of Jurisdiction	9
Investigations Launched (Current Year)	22
Pending	2

Investigation Type (Current Year and Carryforward Reports from Prior Year)



Loss or Waste/Mismanagement	\$718,000
Recovery/Restitution	\$7,300
Loss or Waste/Mismanagement Since Hotline Launch	\$1,157,000



Hamilton

Office of the City Auditor

FRAUD AND WASTE ANNUAL REPORT

July 1, 2021 to June 30, 2022

Charles Brown CPA, CA
City Auditor

What is a Fraud and Waste Hotline?

The general public, City staff, and those doing business with the City can report **suspected fraud, waste or wrongdoing involving City resources**.

Confidential and anonymous service

Independently operated by a third party

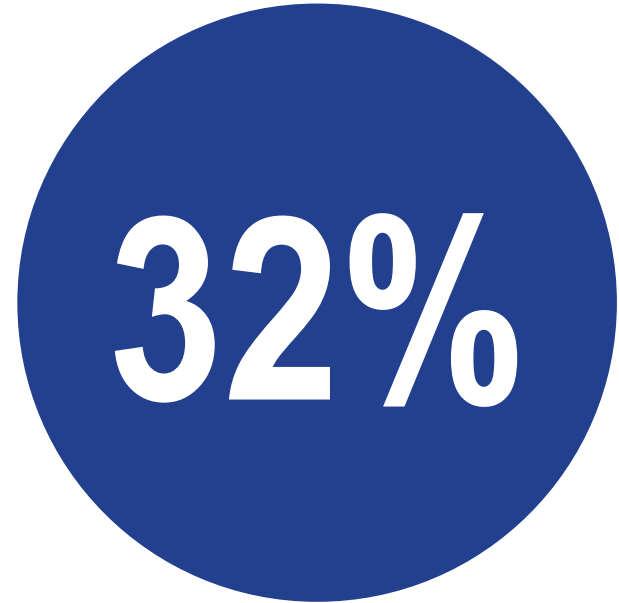
Accessible by phone or online

Available 24 hours a day 7 days a week



Reports

Received between
July 1, 2021 and June 30, 2022

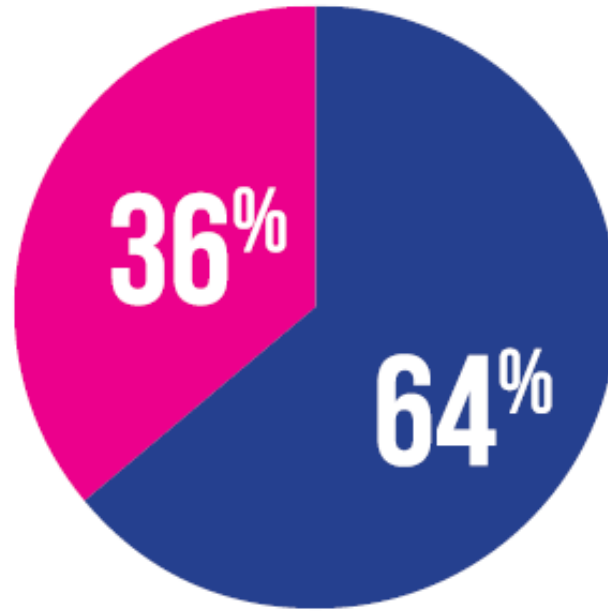


Substantiation Rate

Top Report Categories

Multiple Categories Applicable	29
Social Services – Fraud/Wrongdoing	19
Time Theft and/or Misconduct	10
Out of Jurisdiction	9
Conflict of Interest	6
Fraud/Wrongdoing	4
Improper Financial Reporting/Budgeting	4
Waste	4
Contractor/Vendor Wrongdoing	3
Employee Benefits Fraud	3
Service Complaint/Concern	3
Phishing/Identity Theft	2
Misuse of City Resources	1
Public Safety	1
Reprisal	1
Other Various Categories	8
Total Reports	107

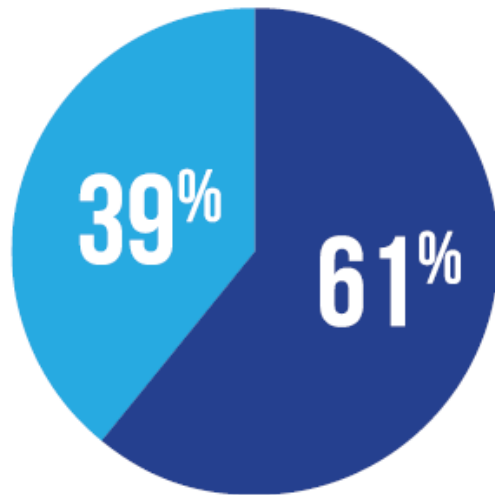
Statistics - Employee Reports



- Self-Identified **68 (64%)**
as an Employee
- Non-Employee **39 (36%)**

Statistics - Direct vs. Proxy Reports

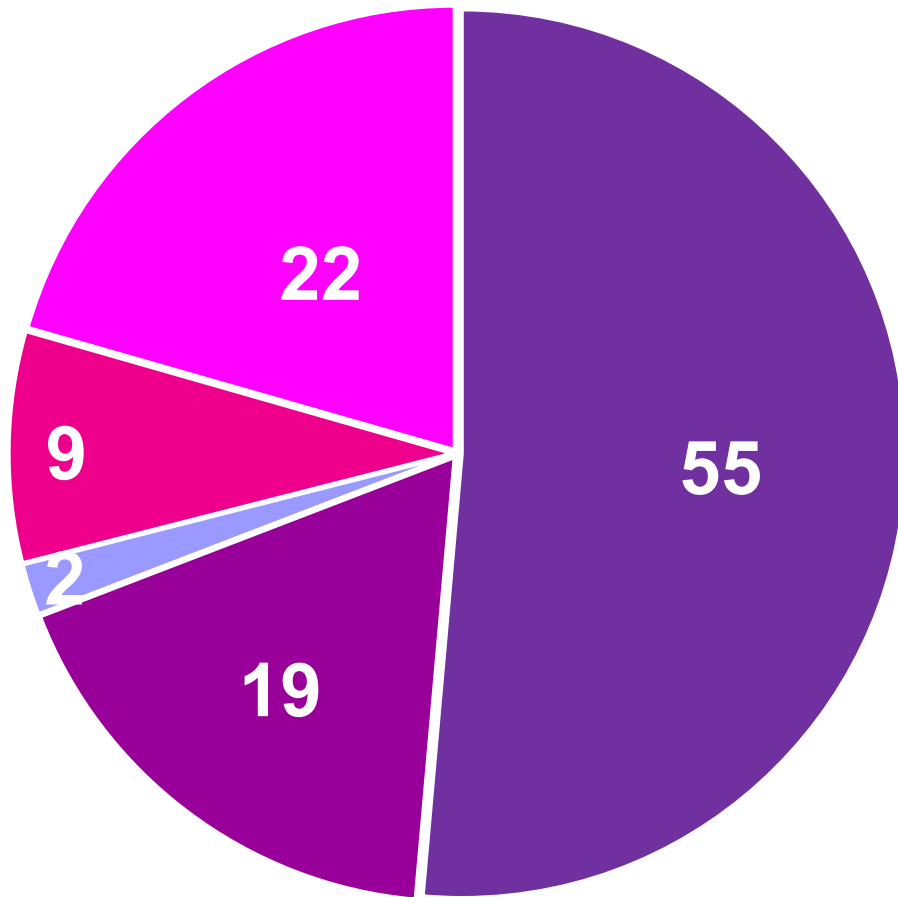
Of these 107 reports, 42 were made directly to the OCA, remainder were made using the Hotline service provider



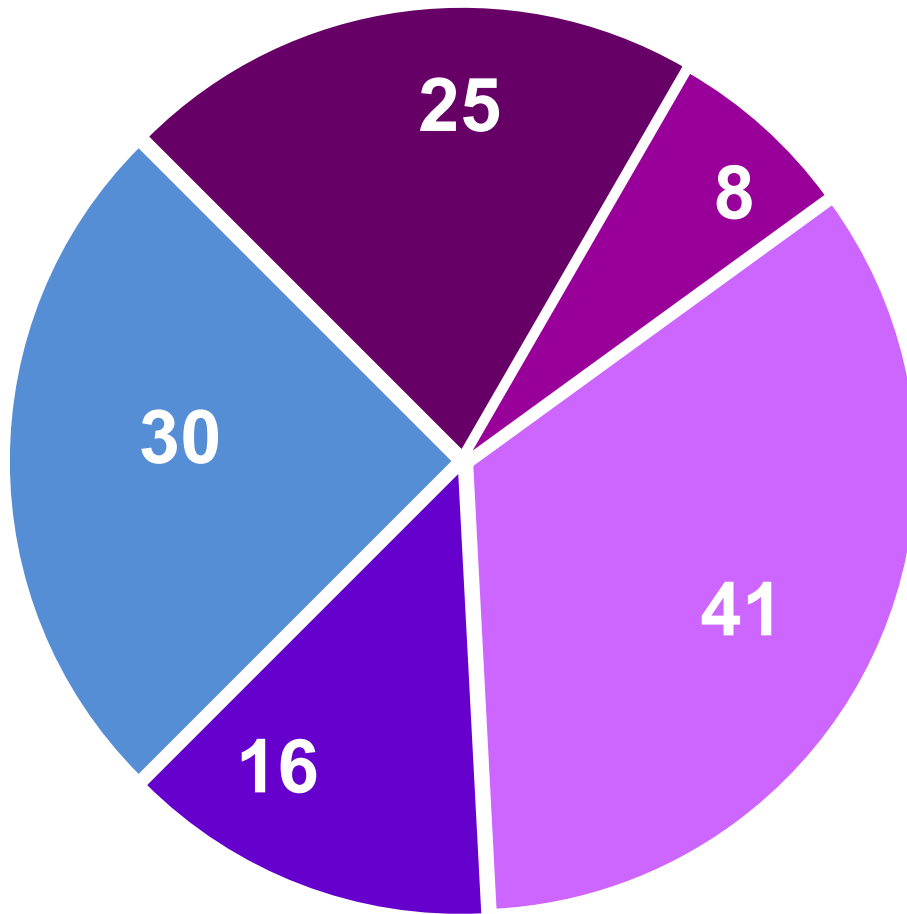
- Hotline 65 (61%)
- Proxy 42 (39%)

Proxy Reports from Management, Finance, Procurement, Human Resources – **31 of 42**

What We Did With The Reports

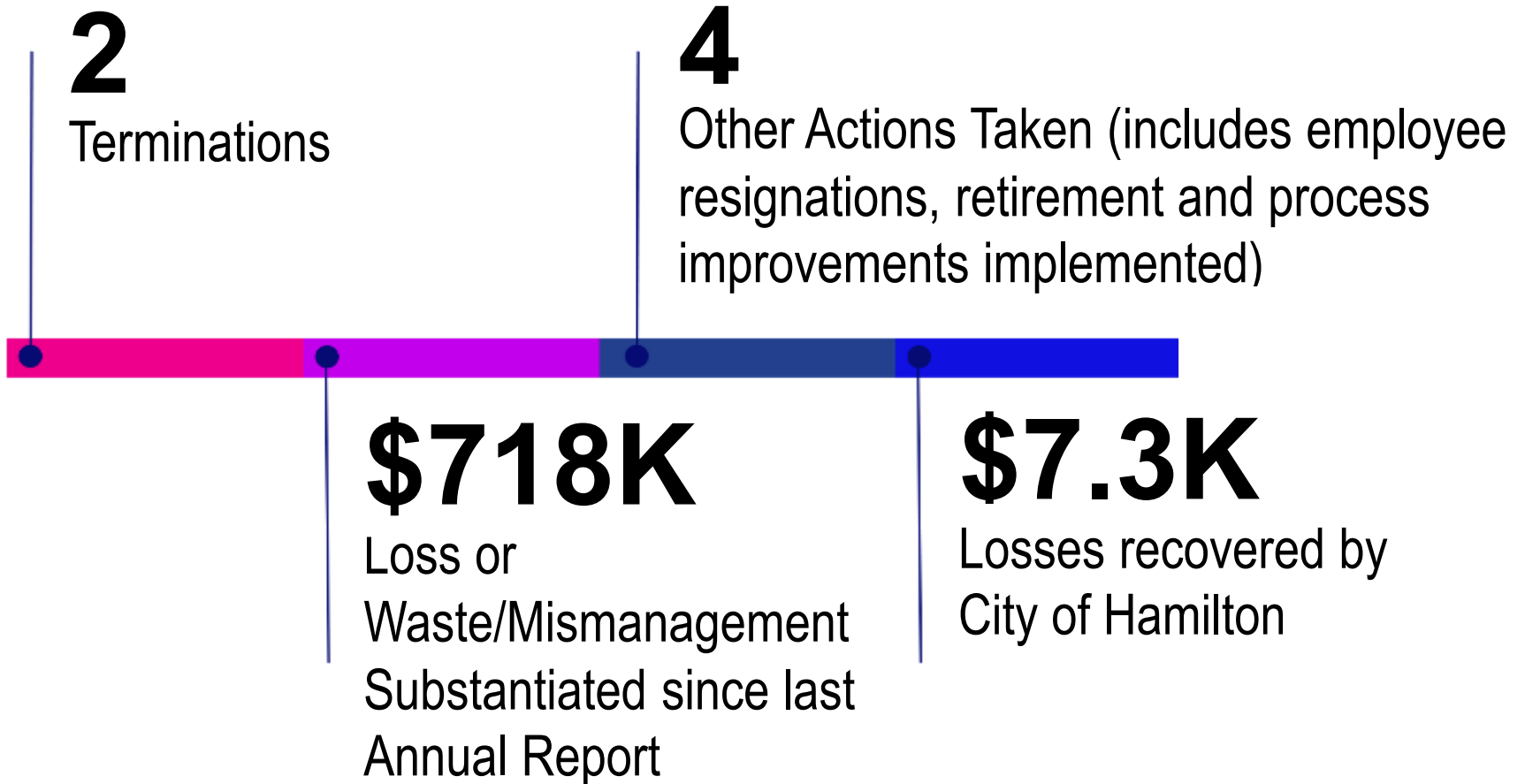


- Referral - Response Required (55)
- Referral - No Action Required (19)
- Pending (2)
- No Response Required/Out of Jurisdiction/Not Enough Information (9)
- Investigations Launched - Current Year (22)



- Substantiated (25)
- Partially Substantiated (8)
- Unsubstantiated (41)
- In Progress (16)
- Not Applicable (30)

Total: 120



Conflict(s) of Interest #1

- Reports were received that a member of City management allegedly had a significant social relationship with two vendors that were favoured in how they were being selected for contract work with the City and in how the work was administered and overseen.
- OCA concluded the leader's relationships with these vendors constituted undisclosed conflicts of interest and led to the favourable treatment toward the contractors
- OCA also concluded the City should consider strengthening current policy with respect to the potential for conflicts of interest involving non-pecuniary interests and situations of extensive socializing with vendors.

City Recovers Costs Due to OCA Inquiries

- Two complaints were received where ultimately some costs were able to be recovered by the City.
- 1-A lessee was not compliant with lease terms. The OCA asked management to investigate. Ultimately about \$3,700 was found to be recoverable and was pursued through the Accounts Receivable process.
- 2-It was found that a contractor damaged City property. Ultimately about \$1,600 in damages were pursued by the City via the Risk Management process as a result of OCA fact finding.

Report Examples Continued

Waterdown Gardens

- On February 16, 2021, the City was notified of a Statement of Claim issued by Waterdown Garden Supplies Ltd. and others (“WGS”) seeking \$75M in damages based on allegations that thousands of loads of contaminated soil taken from City sites were illegally deposited on its lands and that this illegal dumping was facilitated by a criminal conspiracy involving two named City employees.
- The investigation was completed, with Committee and Council notified of the results in December 2021. The investigation found no information that would indicate that contaminated soil from the Woodward and Governor’s Road public works projects was improperly disposed of at the named soil fill site (also known as the “Waterdown Gardens property”).
- The investigation determined that allegations that two City employees were involved in the haulage of contaminated soil to the property were also unsubstantiated.

Financial Reporting Error

- The OCA received a report regarding a building permit that had been issued in error by the City.
- Council had directed that all expenses were to have been drawn from a specific reserve fund.
- The OCA investigated and found that the costs were not charged to the reserve fund in error by Finance which substantiated the complaint.

Report Examples Continued

Commercial Business Being Run at a City Owned Property

- Report received of a commercial business operating at a City-owned property that was licensed from the City for a nominal fee.
- Ultimately the OCA found the report to be substantiated. It was also found that the license agreement had expired in 2013 and continued to operate on a month-to-month basis.
- OCA made five recommendations to minimize risk and liability to the City, and to strengthen the licensee agreement with the community organization and other licensee agreements with sport and community groups.
- In addition to the recommendations, the OCA decided to initiate an audit of leases and licenses.

Community Group Sub-letting City Facility to Others at a Profit

- It was alleged that a community group that leased a City facility for a nominal fee was sub-leasing portions of the facility to tenants at a profit. OCA conducted a preliminary assessment and the allegation was found to be substantiated.
- In addition, the lease expired in 2000 but has not been renewed, with the tenant continuing to occupy the building. In general, OCA found the risks associated with leasing and licensing to be significant, and as noted above, the OCA decided to initiate an audit of leases and licenses.

Report Examples Continued

Stolen iPads

- A City of Hamilton resident reported that they purchased a brand-new sealed 9th Gen iPad from Facebook Marketplace, and the first time they powered up the device the screen displayed City of Hamilton credentials. The resident identified the individual who sold them the iPad. Further review revealed 18 had gone missing.
- As a result of this incident, OCA completed a preliminary assessment and decided to complete a review of IT Asset Management with a focus on mobile devices which led to recommendations to improve security of assets

Year End Inventory Discrepancy: Significant Write-Off Required

- A report was received of a significant discrepancy within a Division's inventory records, where it was found that supplies worth approximately \$200,000 was missing during the year-end inventory count in 2021.
- The Division had experienced numerous challenges: implementing a new inventory system, hired new staff, ongoing COVID-19 pandemic response pressures. The entire amount was ultimately written off for the 2021 year-end.
- OCA staff attended the 2022 year-end inventory count (unannounced to the Division) to gauge the effectiveness of current internal controls relating to inventory management and found minimal issues.

Report Examples Continued

DARTS Vehicle Maintenance

- A fraud and waste complaint was received alleging inadequacies in the maintenance of DARTS vehicles. An investigative audit confirmed poor maintenance and systemic issues resulting in 73 recommendations

Ontario Works Fraud

- A report was received alleging that an individual was receiving income support from Ontario Works (OW) while living a lavish lifestyle (e.g. plastic surgery, overseas vacations, property purchases in other countries, etc.) and was allegedly leading a double life in Canada and another country. The allegations were found to be substantiated

Conflict of Interest with Vendor #2

- A manager responsible for oversight of capital projects was found to have family members who were working for frequent contractors. The relationships were not disclosed until OCA began investigating and the proposed mitigations were found to be inadequate. The conflicts of interest and other Code of Conduct issues led management to terminate the leader.

Roads Value for Money Audit – Additional Issues Identified

- OCA received information that certain weaknesses existed in the oversight of road quality management that were a detriment to value for money. With the assistance of external experts, an investigative audit was launched which confirmed weaknesses in the processes for weight/quantities validation and for ensuring the quality of friction course aggregates met specifications. Five recommendations for improvement were made.

Closing Remarks: City Auditor Reflections

Conflict of Interest (COI)

- For the second year in a row we note the apparent difficulty that management experiences in properly dealing with conflict of interest situations that arise with City employees.
- No fewer than 14 instances with issues identified since hotline launch.
- Current policy is not clear.
- Potential conflicts not being reported, if reported, existing processes are inadequate to ensure COIs are properly addressed.
- Objective adjudication of disclosures is needed.
- Central depository is needed.
- Need to elevate the importance of proper disclosure of potential conflict situations

Closing Remarks: City Auditor Reflections

Gifts and Hospitality

- The current Policy on Gifts and Hospitality is silent about the appropriateness of high levels of socializing with contractors or vendors.
- Employees need to be mindful of the perception that such conduct creates with members of the public, and the impact it can have on staff.
- We recommend:
 - 1) Consider defining and prohibiting “non-pecuniary interests” as part of the Code of Conduct and Procurement By-Law
 - 2) Amend conflict of interest policies to ensure avoidance, explicitly, of situations of high socialization with vendors and to give notice to employees that these types of conflict situations will require employees to demonstrate compliance with the Gifts and Hospitality policy.

Closing Remarks: City Auditor Reflections

The Fraud and Waste Hotline provides benefits that cannot always be quantified:

- Deters fraud, waste, and wrongdoing
- Strengthens internal controls and mitigation of risks
- Improves policies and standard operating procedures
- Building a culture of accountability
- Better value in service delivery
- Hotline report data can be used to identify trends and inform future audits for the Office of the City Auditor work plan



confidential
anonymous

SPEAK UP

Report any wrongdoing



Hamilton
Office of the City Auditor

Use the Fraud and Waste Hotline

www.hamilton.ca/Fraud

Call Toll Free 24/7 1-888-390-0393



Online

hamilton.ca/fraud



Email

cityofhamilton@integritycounts.ca



Phone

1-888-390-0393



Mail

PO Box 91880, West Vancouver, BC V7V 4S4



Fax

1-844-785-0699

Thank you

For submitting reports and
cooperating during report
assessments and
investigations



INFORMATION REPORT

TO:	Chair and Members Audit, Finance and Administration Committee
COMMITTEE DATE:	February 16, 2023
SUBJECT/REPORT NO:	Update on Procurement of Liquid Chlorine in Railway Tank Cars for the Woodward Water and Wastewater Treatment Plants (FCS22050(a)/PW22047(a)) (City Wide) (Outstanding Business List Item)
WARD(S) AFFECTED:	City Wide
PREPARED BY:	Tina Iacoe (905) 546-2424 Ext. 2796 Deborah Goudreau (905) 546-2424, Ext. 4606
SUBMITTED BY:	Shelley Hesmer Acting Director, Financial Services and Taxation Corporate Services
SIGNATURE:	
SUBMITTED BY:	Nick Winters Acting Director, Hamilton Water Public Works Department
SIGNATURE:	

COUNCIL DIRECTION

That staff be directed to prepare an information report back to Audit, Finance & Administration Committee with the total annual contract price resulting from the approved single source procurement, pursuant to Procurement Policy #11 – Non-competitive Procurements, for the supply and delivery of Liquid Chlorine to the City by Olin Canada ULC.

As a result of this report, the item representing procurement of Liquid Chlorine in Railway Tank Cars for the Woodward Water and Wastewater Treatment Plants will be considered complete and removed from the Audit, Finance and Administration Committee outstanding business list.

INFORMATION

OUR Vision: To be the best place to raise a child and age successfully.

OUR Mission: To provide high quality cost conscious public services that contribute to a healthy, safe and prosperous community, in a sustainable manner.

OUR Culture: Collective Ownership, Steadfast Integrity, Courageous Change, Sensational Service, Engaged Empowered Employees.

SUBJECT: Update on Procurement of Liquid Chlorine in Railway Tank Cars for the Woodward Water and Wastewater Treatment Plants (FCS22050(a)/PW22047(a)) (City Wide) – Page 2 of 2

On May 19, 2022, the Audit, Finance and Administration (“AF&A”) Committee approved Report FCS22050/LS22025/PW22047 respecting the Procurement of Liquid Chlorine in Railway Tank Cars for the Woodward Water and Wastewater Treatment Plants, giving staff direction to single source the procurement and enter into negotiations and a formal contract with Olin Canada ULC. At that time, AF&A also added the following recommendation to the Report:

- “(c) That staff be directed to prepare an information report back to Audit Finance & Administration Committee with the total annual contract price for the supply and delivery of Liquid Chlorine in Railway Tank Cars for the Woodward Water and Wastewater Treatment Plants, following the execution of the agreement.”

Council subsequently approved Report FCS22050/LS22025/PW22047. Staff proceeded with negotiations and the execution of a three-year Contract with optional renewal terms with Olin Canada ULC. The terms of the Contract are such that the per metric tonne price is firm for the first year; every calendar year thereafter, the price of the product would be negotiated for one-year periods by both parties based on the current market conditions.

The negotiated total annual cost for Contract C11-03-22 is approximately \$1,427,600 based on the average annual consumption of chlorine for the last 5 years.

Committee and Council are advised that in recent consultations with Olin Canada ULC, Olin has advised that, without any major disruption in market, pricing is expected to increase by a minimum of 5% per metric ton in 2023 due to elevated chlorine pricing throughout 2022. However, due to Hamilton’s proximity to two Olin Canada ULC manufacturing plants, providing the necessary supply is not expected to be a concern. As per Report FCS22050/LS22025/PW22047, a budget adjustment for liquid chlorine was evaluated during the 2023 Rate Budget process which was presented to Council and approved in late 2022.



INFORMATION REPORT

TO:	Chair and Members Audit, Finance and Administration Committee
COMMITTEE DATE:	February 16, 2022
SUBJECT/REPORT NO:	2020 and 2021 Audited Financial Statements for City of Hamilton Business Improvement Areas (BIAs) (FCS23016) (City Wide)
WARD(S) AFFECTED:	City Wide
PREPARED BY:	Nikki Freeman (905) 546-2424 Ext. 3020
SUBMITTED BY:	Shelley Hesmer Acting Director, Financial Services and Taxation Corporate Services Department
SIGNATURE:	

INFORMATION

Each year, the financial statements of the individual Business Improvement Areas (BIAs) of the City of Hamilton (City) are audited by external auditors as prescribed by the *Municipal Act 2001*. The financial statements of each BIA are prepared by Management of the BIA and are approved by the Board of Management of the BIA.

Section 207(2) of the *Municipal Act* refers to BIAs and states:

“The municipal auditor is the auditor of each board of management and may inspect all records of the board. 2001, c.25, s. 207(2).”

The 2020 and 2021 audited financial statements of the BIAs are being provided to Council through the Audit, Finance and Administration Committee, in accordance with section 207 of the *Municipal Act*.

Section 207(1) of the *Municipal Act* refers to BIAs and states:

“A board of management shall submit its annual report for the preceding year to Council by the date and in the form required by the municipality and the report shall include audited financial statements. 2001, c. 25, s. 207(1).”

OUR Vision: To be the best place to raise a child and age successfully.

OUR Mission: To provide high quality cost conscious public services that contribute to a healthy, safe and prosperous community, in a sustainable manner.

OUR Culture: Collective Ownership, Steadfast Integrity, Courageous Change, Sensational Service, Engaged Empowered Employees.

**SUBJECT: 2020 and 2021 Audited Financial Statements for City of Hamilton
Business Improvement Areas (BIAs) (FCS23016) (City Wide) - Page 2
of 2**

Appendix "A" to Report FCS23016 includes the final Board approved financial statements for the BIAs for 2020 as follows: Ancaster BIA, Barton Village BIA, Concession Street BIA, Downtown Hamilton BIA, Dundas BIA, International Village BIA, Locke Street BIA, Ottawa Street BIA, Stoney Creek BIA and Waterdown BIA.

Appendix "B" to Report FCS23016 includes the final Board approved financial statements for the BIAs for 2021 as follows: Ancaster BIA, Concession Street BIA, Downtown Hamilton BIA, Dundas BIA, International Village BIA, Ottawa Street BIA and Waterdown BIA.

The 2019, 2020 and 2021 audited financial statements for King Street BIA and Main Street Esplanade BIA have not been received. The Business Development & BIA Officer is working with membership to determine next steps. Main Street Esplanade BIA has not been functioning for several years and staff are working with the membership exploring dormancy.

The 2020 and 2021 audited financial statements for Westdale BIA have not been received. The 2020 audit is in progress and staff are working with the Accountant to complete as soon as possible. These statements, along with the 2021 audited financial statements, will be brought forward as an information report to the Audit, Finance and Administration Committee once received.

The 2021 audited financial statements for Barton Village BIA, Locke Street BIA and Stoney Creek BIA have also not been received. The 2021 audit is in progress and staff are working with the Accountant to complete as soon as possible. These statements will be brought forward as an information report to the Audit, Finance and Administration Committee once received.

APPENDICES AND SCHEDULES ATTACHED

Appendix "A" to Report FCS23016 – 2020 Audited Financial Statements for Business Improvement Areas for the year ended December 31, 2020.

Appendix "B" to Report FCS23016 – 2021 Audited Financial Statements for Business Improvement Areas for the year ended December 31, 2021.

NF/dw

Financial Statements of

ANCASTER BUSINESS IMPROVEMENT AREA

Year ended December 31, 2020



KPMG LLP
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INDEPENDENT AUDITORS' REPORT

To the Chairman and Members of the Board of Management of the Ancaster Business Improvement Area, Members of Council, Inhabitants and Ratepayers of the Corporation of the City of Hamilton

Opinion

We have audited the accompanying financial statements of the Ancaster Business Improvement Area (the "Entity"), which comprise:

- the statement of financial position as at December 31, 2020,
- the statement of operations for the year then ended,
- the statement of changes in net financial assets for the year then ended,
- the statement of cash flows for the year then ended,
- and notes, including a summary of significant accounting policies and other explanatory information.

(Hereinafter referred to as the "financial statements")

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at December 31, 2020, and its results of operations, its changes in net financial assets 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 "Auditors' Responsibilities for the Audit of the Financial Statements" section of our auditors' report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other 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 Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

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

Auditors' 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 auditors' 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 the 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 Entity'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 Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusion is based on the audit evidence obtained up to the date of our auditors report. However, future events or conditions may cause the Entity 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.
- 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.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

Hamilton, Canada

June 21, 2021

ANCASTER BUSINESS IMPROVEMENT AREA

Financial Statements

Year ended December 31, 2020

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ANCASTER BUSINESS IMPROVEMENT AREA

Statement of Financial Position

December 31, 2020, with comparative information for 2019

	2020	2019
Financial assets		
Cash	\$ 116,079	\$ 103,617
HST receivable	5,613	7,712
Due from City of Hamilton (note 2)	99	4,334
	<u>121,791</u>	<u>115,663</u>
Financial liabilities		
Accounts payable and accrued liabilities	10,592	9,287
Net financial assets	<u>111,199</u>	<u>106,376</u>
Non-financial assets		
Tangible capital assets (note 3)	4,199	2,834
Prepaid expenses	2,600	1,821
	<u>6,799</u>	<u>4,655</u>
COVID-19 (note 7)		
Accumulated surplus (note 4)	<u>\$ 117,998</u>	<u>\$ 111,031</u>

See accompanying notes to financial statements.

On behalf of the Board:

_____ Director

_____ Director

ANCASTER BUSINESS IMPROVEMENT AREA

Statement of Operations

Year ended December 31, 2020, with comparative information for 2019

	Budget (note 5)	2020	2019
Revenues:			
Assessment levy (note 2)	\$ 98,000	\$ 97,227	\$ 97,062
City of Hamilton grants (note 2)	-	16,334	24,284
Government of Canada grants (note 6)	-	6,757	10,080
Farmer's Market income (note 2)	-	23,037	33,009
Other income	-	6,357	10
Total revenues	98,000	149,712	164,445
Expenses:			
Advertising and promotion	43,500	47,544	26,124
Amortization	-	1,035	969
Ancaster Farmer's Market	-	26,494	24,547
Bank charges and interest	-	336	625
Beautification	10,000	13,084	35,053
Business taxes	-	229	366
Donations	-	-	5,000
Insurance	-	2,169	2,217
Office expenses	-	291	-
Professional fees	-	427	435
Salaries	40,000	51,136	53,385
Miscellaneous	4,500	-	-
Total expenses	98,000	142,745	148,721
Annual surplus	-	6,967	15,724
Accumulated surplus, beginning of year	111,031	111,031	95,307
Accumulated surplus, end of year	\$ 111,031	\$ 117,988	\$ 111,031

See accompanying notes to financial statements.

ANCASTER BUSINESS IMPROVEMENT AREA

Statement of Changes in Net Financial Assets

Year ended December 31, 2020, with comparative information for 2019

	2020	2019
Annual surplus	\$ 6,967	\$ 15,724
Acquisition of TCA	(2,400)	-
Amortization of tangible capital assets	1,035	969
Increase in prepaid expenses	(779)	(720)
Change in net financial assets	4,823	15,973
Net financial assets, beginning of year	106,376	90,403
Net financial assets, end of year	\$ 111,199	\$ 106,376

See accompanying notes to financial statements.

ANCASTER BUSINESS IMPROVEMENT AREA

Statement of Cash Flows

Year ended December 31, 2020, with comparative information for 2019

	2020	2019
Cash provided by (used in):		
Operating activities:		
Annual surplus	\$ 6,967	\$ 15,724
Items not involving cash:		
Amortization	1,035	969
Changes in non-cash operating working capital:		
Prepaid expenses	(779)	(720)
HST receivable	2,099	(4,228)
Accounts payable and accrued liabilities	1,305	3,014
Net change in cash from operating activities	10,627	14,759
Financing activities:		
Change in due from City of Hamilton	4,235	7,429
Cash used to acquire PPE	(2,400)	-
Increase in cash	12,462	22,188
Cash, beginning of year	103,617	81,429
Cash, end of year	\$ 116,079	\$ 103,617

See accompanying notes to financial statements.

ANCASTER BUSINESS IMPROVEMENT AREA

Notes to Financial Statements

Year ended December 31, 2020

The Ancaster Business Improvement Area (the "Business Improvement Area") was established in 2009 in accordance with Section 220 of the Municipal Act, (R.S.O. 1990) for the purpose of providing improvement, beautification and maintenance of municipally owned land, buildings and structures in the area and the promotion of Ancaster Village as a business and shopping area. The Business Improvement Area is financed by a special levy charged upon businesses in the improvement area.

1. Significant accounting policies:

The financial statements of the Business Improvement Area are prepared by management in accordance with Canadian public sector accounting standards ("PSAS") as recommended by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada. Significant accounting policies adopted by the Business Improvement Area are as follows:

(a) Basis of accounting:

The Business Improvement Area follows the accrual method of accounting for revenues and expenses. Revenues are normally recognized in the year in which they are earned and measurable. Expenses are recognized as they are incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation to pay.

(b) Cash and cash equivalents:

Cash and cash equivalents include cash on hand and balances with banks, and highly liquid temporary money market instruments with original maturities of three months or less.

(c) Government transfers:

Government transfers received relate to the assessment levy and operating grants. Government transfers are recognized in the financial statements as revenues when the transfer is authorized, any eligibility criteria are met and a reasonable estimate of the amounts can be made except when, and to the extent that, stipulations by the transferors give rise to an obligation that meet the definition of a liability. Government transfers that meet the definition of a liability are recognized as revenue as the liability is extinguished. Government transfers paid are recognized when the transfer has been authorized and any eligibility criteria are met.

(d) Other income:

Other income is reported as revenue in the period earned.

ANCASTER BUSINESS IMPROVEMENT AREA

Notes to Financial Statements (continued)

Year ended December 31, 2020

1. Significant accounting policies (continued):

(e) Non-financial assets:

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations.

(i) Tangible capital assets:

Tangible capital assets are recorded at cost which includes amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value, of the tangible capital assets are amortized on a straight line basis over their estimated useful lives as follows:

Asset	Useful life - years
Decorations	5
Computers	5
Furniture	10

(f) Use of estimates:

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. Actual results could differ from those estimates.

(g) Related party transactions:

Transactions with related parties are measured at the carrying amount.

ANCASTER BUSINESS IMPROVEMENT AREA

Notes to Financial Statements (continued)

Year ended December 31, 2020

2. Related party transactions:

During the year, the Business Improvement Area recorded the following transactions with the City of Hamilton:

	2020	2019
Revenue:		
Member levy collected on behalf of the Business Improvement Area	\$ 97,227	\$ 97,062
Expenses:		
Beautification	5,892	5,289

The City of Hamilton has also contributed \$5,550 (2019 - \$5,779) to commercial improvement programs undertaken by the Business Improvement Area, \$5,283 (2019 - \$5,939) from parking revenue sharing program, and \$5,501 (2019 - \$12,566) in other miscellaneous grants. An additional grant received of \$3,000 (2019 - \$3,000) for the Farmer's Market has been recorded as part of Farmer's Market income.

At the end of the year, grants and supplemental member levies of \$1,300 (2019 - \$4,761) was receivable from the City of Hamilton. The amount recorded in due from the City of Hamilton also includes a payable to the City of Hamilton of \$427 (2019 - \$427) for expenses paid by the City of Hamilton on behalf of the Business Improvement Area and \$774 (2019 - \$nil) for cash received in excess of the member levy collected by the City of Hamilton.

ANCASTER BUSINESS IMPROVEMENT AREA

Notes to Financial Statements (continued)

Year ended December 31, 2020

3. Tangible capital assets:

Cost	Balance at December 31, 2019	Additions	Disposals	Balance at December 31, 2020
Decorations	\$ 34,940	\$ -	\$ 18,895	\$ 16,045
Computers	2,068	2,400	1,475	2,993
Furniture	7,945	-	-	7,945
Total	\$ 44,953	\$ 2,400	\$ 20,370	\$ 26,983

Accumulated amortization	Balance at December 31, 2019	Disposals	Amortization expense	Balance at December 31, 2020
Decorations	\$ 34,940	\$ 18,895	\$ -	\$ 16,045
Computers	2,068	1,475	240	833
Furniture	5,111	-	795	5,906
Total	\$ 42,119	\$ 20,370	\$ 1,035	\$ 22,784

Net book value	December 31, 2019	December 31, 2020
Decorations	\$ -	\$ -
Computers	-	2,160
Furniture	2,834	2,039
Total	\$ 2,834	\$ 4,199

(a) Contributed tangible capital assets:

The Business Improvement Area received \$nil (2019 - \$nil) in contributed tangible capital assets.

(b) Tangible capital assets disclosed at nominal values:

There are no tangible capital assets recognized at a nominal value.

ANCASTER BUSINESS IMPROVEMENT AREA

Notes to Financial Statements (continued)

Year ended December 31, 2020

4. Accumulated surplus:

Accumulated surplus consists of the following:

	2020	2019
Surplus:		
Invested in tangible capital assets	\$ 4,199	\$ 2,834
Operating	113,799	108,197
	\$ 117,998	\$ 111,031

5. Budget data:

The budget data presented in these financial statements is based upon the 2020 budget approved by the Board on June 23, 2020. Amortization and acquisitions of tangible capital assets were not contemplated on development of the budget and, as such, has not been included. For this reason, budget figures were not provided on the statement of changes in net financial assets.

6. Government of Canada grants:

Included in Government of Canada grants are \$6,757 (2019 - \$10,080) provided under the Canada summer student jobs grant.

7. COVID-19:

In March 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization and has had a significant financial, market and social dislocating impact across the world. This has resulted in governments worldwide, including the Canadian and Ontario governments, enacting emergency measures to combat the spread of the virus.

Several measures were put in place by the Federal Government which include the implementation of travel bans, self-imposed quarantine periods and social distancing. These measures have caused material disruption to individuals, businesses and organizations globally and in Ontario resulting in an economic slowdown. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions however the success of these interventions is not currently determinable.

ANCASTER BUSINESS IMPROVEMENT AREA

Notes to Financial Statements (continued)

Year ended December 31, 2020

7. COVID-19 (continued):

As at December 31, 2020, COVID-19 impacted Farmer's Market Income. The current challenging economic climate may lead to adverse changes in cash flows, working capital levels and/or debt balances, which may also have a direct impact on the Business Improvement Area's operating results and financial position in the future. The ultimate outcome duration of the pandemic and timeframe to a recovery is undeterminable, thus it is not practicable to estimate and disclose its financial effect on future operations at this time.

Financial Statements of

**BARTON VILLAGE
BUSINESS IMPROVEMENT
AREA**

Year ended December 31, 2020



KPMG LLP
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INDEPENDENT AUDITORS' REPORT

To the Chairman and Members of the Board of Management of Barton Village Business Improvement Area, Members of Council, Inhabitants and Ratepayers of the Corporation of the City of Hamilton

Opinion

We have audited the accompanying financial statements of the Barton Village Business Improvement Area (the "Entity"), which comprise:

- the statement of financial position as at December 31, 2020,
- the statement of operations for the year then ended,
- the statement of changes in net financial assets for the year then ended,
- the statement of cash flows for the year then ended,
- and notes, including a summary of significant accounting policies and other explanatory information.

(Hereinafter referred to as the "financial statements")

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at December 31, 2020, and its results of operations, its changes in net financial assets 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 "Auditors' Responsibilities for the Audit of the Financial Statements" section of our auditors' report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other 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.



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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 Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

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

Auditors' 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 auditors' 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 the 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 Entity's internal control.



Page 3

- 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 Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusion is based on the audit evidence obtained up to the date of our auditors report. However, future events or conditions may cause the Entity 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.
- 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.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

Hamilton, Canada

September 27, 2021

BARTON VILLAGE BUSINESS IMPROVEMENT AREA

Financial Statements

Year ended December 31, 2020

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BARTON VILLAGE BUSINESS IMPROVEMENT AREA

Statement of Financial Position

December 31, 2020, with comparative information for 2019

	2020	2019
Financial assets		
Cash	\$ 20,083	\$ 49,496
Accounts receivable	18,233	2,831
HST receivable	4,430	5,107
Due from City of Hamilton (note 3)	32,437	12,311
	<u>75,183</u>	<u>69,745</u>
Financial liabilities		
Accounts payable and accrued liabilities	3,103	3,252
Deferred revenue	13,664	-
Net financial assets	<u>58,416</u>	<u>66,493</u>
Non-financial assets		
Tangible capital assets (note 2)	13,015	19,432
Prepaid expenses	2,361	216
	<u>15,376</u>	<u>19,648</u>
Commitment (note 5)		
COVID-19 (note 7)		
Accumulated surplus (note 4)	<u>\$ 73,792</u>	<u>\$ 86,141</u>

See accompanying notes to financial statements.

On behalf of the Board:

_____ Director

_____ Director

BARTON VILLAGE BUSINESS IMPROVEMENT AREA

Statement of Operations

Year ended December 31, 2020, with comparative information for 2019

	Budget (note 6)	2020	2019
Revenue:			
Assessment levy (note 3)	\$ 68,865	\$ 75,758	\$ 65,687
City of Hamilton grants (note 3)	92,000	23,186	46,893
Festival income	4,500	16,495	14,799
Federal grant – Canada summer jobs	-	24,022	19,950
Other income	-	2,096	-
Total revenue	165,365	141,557	147,329
Expenses:			
Advertising and promotion	29,760	5,370	8,088
Amortization	-	6,417	6,445
Bank charges	150	220	551
Commercial improvement	25,700	9,112	6,340
Event equipment and supplies	1,000	368	513
Insurance	2,500	1,683	2,409
Meetings and business development	2,850	1,698	3,231
Office expenses	6,506	6,343	5,773
Professional fees	3,200	432	475
Rent	18,000	15,750	8,650
Salaries – administrative	39,699	88,826	67,119
Festival expenses	36,000	8,530	24,710
COVID support	-	9,157	-
Total expenses	165,365	153,906	134,304
Annual (deficit) surplus	-	(12,349)	13,025
Accumulated surplus, beginning of year	86,141	86,141	73,116
Accumulated surplus, end of year	\$ 86,141	\$ 73,792	\$ 86,141

See accompanying notes to financial statements.

BARTON VILLAGE BUSINESS IMPROVEMENT AREA

Statement of Changes in Net Financial Assets

Year ended December 31, 2020, with comparative information for 2019

	2020	2019
Annual (deficit) surplus	\$ (12,349)	\$ 13,025
Amortization of tangible capital assets	6,417	6,445
Acquisition of tangible capital assets	-	(6,594)
(Increase) decrease in prepaid expenses	(2,145)	-
Change in net financial assets	(8,077)	12,876
Net financial assets, beginning of year	66,493	53,617
Net financial assets, end of year	\$ 58,416	\$ 66,493

See accompanying notes to financial statements.

BARTON VILLAGE BUSINESS IMPROVEMENT AREA

Statement of Cash Flows

Year ended December 31, 2020, with comparative information for 2019

	2020	2019
Cash provided by (used in):		
Operating activities:		
Annual (deficit) surplus	\$ (12,349)	\$ 13,025
Items not involving cash:		
Amortization	6,417	6,445
Changes in non-cash assets and liabilities:		
Accounts payable and accrued liabilities	(149)	(3,238)
HST receivable	677	2,706
Accounts receivable	(15,402)	(2,726)
Deferred revenue	13,664	-
Prepaid expenses	(2,145)	-
Net change in cash from operating activities	(9,287)	16,212
Capital activities:		
Cash used to acquire tangible capital assets	-	(6,594)
Financing activities:		
Change in due from City of Hamilton	(20,126)	(3,586)
Net (decrease) increase in cash	(29,413)	6,032
Cash, beginning of year	49,496	43,464
Cash, end of year	\$ 20,083	\$ 49,496

See accompanying notes to financial statements.

BARTON VILLAGE BUSINESS IMPROVEMENT AREA

Notes to Financial Statements

Year ended December 31, 2020

The Barton Village Business Improvement Area ("Business Improvement Area") was established by the Council of the City of Hamilton and has been entrusted with the improvement, beautification and maintenance of municipally owned lands, buildings and structures in the improvement area, beyond such expenditures by the City of Hamilton. The Business Improvement Area is also responsible for the promotion of this improvement area for business and shopping. The Business Improvement Area is financed by a special levy charged upon businesses in the improvement area.

1. Significant accounting policies:

The financial statements of the Business Improvement Area are prepared by management in accordance with Canadian public sector accounting standards ("PSAS"). Significant accounting policies adopted by the Business Improvement Area are as follows:

(a) Basis of accounting:

The Business Improvement Area follows the accrual method of accounting for revenues and expenses. Revenues are normally recognized in the year in which they are earned and measurable. Expenses are recognized as they are incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation to pay.

(b) Cash and cash equivalents:

Cash and cash equivalents include cash on hand and balances with banks.

(c) Government transfers:

Government transfers received relate to the assessment levy and operating grants. Government transfers are recognized in the financial statements as revenues when the transfer is authorized, any eligibility criteria are met and a reasonable estimate of the amounts can be made except when, and to the extent that, stipulations by the transferors give rise to an obligation that meet the definition of a liability. Government transfers that meet the definition of a liability are recognized as revenue as the liability is extinguished.

(d) Other income:

Other income is reported as revenue in the period earned.

BARTON VILLAGE BUSINESS IMPROVEMENT AREA

Notes to Financial Statements (continued)

Year ended December 31, 2020

1. Significant accounting policies (continued):

(e) Non-financial assets:

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations.

(i) Tangible capital assets:

Tangible capital assets are recorded at cost which includes amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value, of the tangible capital assets are amortized on a straight line basis over their estimated useful lives as follows:

Asset	Useful life - years
Computer hardware	5
Decorations	5
Furniture and equipment	10

(f) Use of estimates:

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. Actual results could differ from those estimates.

(g) Related party transactions:

Transactions with related parties are measured at the carrying amount.

BARTON VILLAGE BUSINESS IMPROVEMENT AREA

Notes to Financial Statements (continued)

Year ended December 31, 2020

2. Tangible capital assets:

Cost	Balance at December 31, 2019	Additions	Disposals	Balance at December 31, 2020
Computer hardware	\$ 4,156	\$ -	\$ -	\$ 4,156
Decorations	46,323	-	-	46,323
Furniture and equipment	15,886	-	-	15,886
Total	\$ 66,365	\$ -	\$ -	\$ 66,365

Accumulated amortization	Balance at December 31, 2019	Disposals	Amortization expense	Balance at December 31, 2020
Computer hardware	\$ 2,655	\$ -	\$ 527	\$ 3,182
Decorations	34,602	-	4,571	39,173
Furniture and equipment	9,676	-	1,319	10,995
Total	\$ 46,933	\$ -	\$ 6,417	\$ 53,350

	Net book value December 31, 2019	Net book value December 31, 2020
Computer hardware	\$ 1,501	\$ 974
Decorations	11,721	7,150
Furniture and equipment	6,210	4,891
Total	\$ 19,432	\$ 13,015

(a) Contributed tangible capital assets:

The Business Improvement Area received no contributed tangible capital assets in 2020 or 2019.

(b) Tangible capital assets disclosed at nominal values:

There are no tangible capital assets recognized at a nominal value.

(c) Write-down of tangible capital assets:

The Business Improvement Area has not recorded write-downs of tangible capital assets during the year or 2019.

BARTON VILLAGE BUSINESS IMPROVEMENT AREA

Notes to Financial Statements (continued)

Year ended December 31, 2020

3. Related party transactions:

During the year, the Business Improvement Area recorded the following transactions with the City of Hamilton:

	2020	2019
Revenue:		
Member levy collected on behalf of the Business Improvement Area	\$ 75,758	\$ 65,687
Grants	23,186	46,893
Expenses:		
Commercial improvement	3,099	3,242
Festival expenses	1,493	768
Advertising and promotion	-	1,000

The City of Hamilton has also contributed \$6,222 (2019 - \$6,233) to commercial improvement programs undertaken by the Business Improvement Area, \$10,192 (2019 - \$11,437) from parking sharing revenue program, \$1,300 (2019 - \$1,200) for the annual Christmas grant and \$5,472 (2019 - \$28,023) in other grants.

At the end of the year, the Business Improvement Area had a receivable from the City of Hamilton of \$32,437 (2019 - \$12,311) which includes \$29,151 (2019 - \$12,637) in outstanding grants, \$6,793 (2019 - \$101) of member levy surplus net of the annual audit accrual of \$427 (2019 - \$427) and of other expenses in the amount of \$3,080 (2019 - \$nil).

4. Accumulated surplus:

Accumulated surplus consists of the following:

	2020	2019
Surplus:		
Invested in tangible capital assets	\$ 13,015	\$ 19,433
Operating	60,777	66,708
Accumulated surplus	\$ 73,792	\$ 86,141

BARTON VILLAGE BUSINESS IMPROVEMENT AREA

Notes to Financial Statements (continued)

Year ended December 31, 2020

5. Commitment:

The Business Improvement Area is committed under an operating lease for the rental of office space. Minimum lease payments under this operating lease are as follows:

2021	\$	23,052
2022		12,204
		\$ 35,256

6. Budget data:

The budget data presented in these financial statements is based upon the 2020 budget approved by the Board on September 26, 2019. Amortization and acquisitions of tangible capital assets were not contemplated on development of the budget and, as such, were not provided on the statement of changes in net financial assets.

7. COVID-19:

In March 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization and has had a significant financial, market and social dislocating impact across the world. This has resulted in governments worldwide, including the Canadian and Ontario governments, enacting emergency measures to combat the spread of the virus.

Several measures were put in place by the Federal Government which include the implementation of travel bans, self-imposed quarantine periods and social distancing. These measures have caused material disruption to individuals, businesses and organizations globally and in Ontario resulting in an economic slowdown. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions however the success of these interventions is not currently determinable.

As at December 31, 2020, COVID-19 has caused the Business Improvement Area to cancel some events. The current challenging economic climate may lead to adverse changes in cash flows, working capital levels and/or debt balances, which may also have a direct impact on the Business Improvement Area's operating results and financial position in the future. The outcome and timeframe to a recovery from the current pandemic is undeterminable, thus it is not practicable to estimate and disclose its financial effect on future operations at this time.

Financial Statements of

**CONCESSION STREET
BUSINESS IMPROVEMENT AREA**

Year ended December 31, 2020



KPMG LLP
Commerce Place
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Canada
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INDEPENDENT AUDITORS' REPORT

To the Chairman and Members of the Board of Management of the Concession Street Business Improvement Area, Members of Council, Inhabitants and Ratepayers of the Corporation of the City of Hamilton

Opinion

We have audited the accompanying financial statements of the Concession Street Business Improvement Area (the "Entity"), which comprise:

- the statement of financial position as at December 31, 2020,
- the statement of operations for the year then ended,
- the statement of changes in net financial assets for the year then ended,
- the statement of cash flows for the year then ended,
- and notes, including a summary of significant accounting policies and other explanatory information.

(Hereinafter referred to as the "financial statements")

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at December 31, 2020, and its results of operations, its changes in net financial assets 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 "Auditors' Responsibilities for the Audit of the Financial Statements" section of our auditors' report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other 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.



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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 Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

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

Auditors' 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 auditors' 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 the 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.



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- 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 Entity'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 Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusion is based on the audit evidence obtained up to the date of our auditors report. However, future events or conditions may cause the Entity 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.
- 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.

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, slightly slanted style. Below the signature is a horizontal line that starts under the 'K' and ends under the 'P', with a small upward tick at the end.

Chartered Professional Accountants, Licensed Public Accountants

Hamilton, Canada

October 21, 2021

CONCESSION STREET BUSINESS IMPROVEMENT AREA

Financial Statements

Year ended December 31, 2020

Financial Statements

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CONCESSION STREET BUSINESS IMPROVEMENT AREA

Statement of Financial Position

December 31, 2020, with comparative information for 2019

	2020	2019
Financial assets		
Cash	\$ 48,812	\$ 28,574
Due from City of Hamilton (note 4)	13,845	934
HST receivable	14,825	7,733
Investments	50,000	90,000
	<u>127,482</u>	<u>127,241</u>
Financial liabilities		
Accounts payable and accrued liabilities	14,872	3,245
Deferred revenue	2,170	-
Net financial assets	<u>110,440</u>	<u>123,996</u>
Non-financial assets		
Tangible capital assets (note 2)	6,148	3,536
Prepaid expenses	1,077	1,077
	<u>7,225</u>	<u>4,613</u>
Commitment (note 6)		
COVID-19 (note 8)		
Accumulated surplus (note 3)	<u>\$ 117,665</u>	<u>\$ 128,609</u>

See accompanying notes to financial statements.

On behalf of the Board:

_____ Director

_____ Director

CONCESSION STREET BUSINESS IMPROVEMENT AREA

Statement of Operations

Year ended December 31, 2020, with comparative information for 2019

	Budget (note 5)	2020	2019
Revenue:			
Assessment levy (note 4)	\$ 115,499	\$ 115,499	\$ 115,033
City of Hamilton grants (note 4)	-	44,854	57,884
Other income	-	1,669	21,938
Total revenue	115,499	162,022	194,855
Expenses:			
Advertising and promotion	10,000	29,050	17,424
Amortization	-	2,754	11,015
Contract services	-	14,007	-
Donations	-	-	2,500
Festivals	25,800	16,240	56,779
General beautification and improvements (note 4)	14,425	18,600	11,722
Insurance	5,000	4,017	4,780
Interest and bank charges	-	149	201
Meals and entertainment	-	-	151
Miscellaneous	-	718	401
Office and general (note 4)	3,600	19,604	4,838
Professional fees	1,500	1,607	949
Rent	7,469	6,238	6,053
Repairs and maintenance	-	124	325
Revitalization	-	12,100	9,065
Salaries and wages	46,605	46,627	42,428
Tickets	-	-	2,827
Utilities	1,100	1,131	862
Total expenses	115,499	172,966	172,320
Annual (deficit) surplus	-	(10,944)	22,535
Accumulated surplus, beginning of year	128,609	128,609	106,074
Accumulated surplus, end of year	\$ 128,609	\$ 117,665	\$ 128,609

See accompanying notes to financial statements.

CONCESSION STREET BUSINESS IMPROVEMENT AREA

Statement of Changes in Net Financial Assets

Year ended December 31, 2020, with comparative information for 2019

	2020	2019
Annual (deficit) surplus	\$ (10,944)	\$ 22,535
Acquisition of tangible capital assets	(5,366)	(2,450)
Amortization of tangible capital assets	2,754	11,015
Increase in prepaid expenses	-	(47)
Change in net financial assets	(13,556)	31,053
Net financial assets, beginning of year	123,996	92,943
Net financial assets, end of year	\$ 110,440	\$ 123,996

See accompanying notes to financial statements.

CONCESSION STREET BUSINESS IMPROVEMENT AREA

Statement of Cash Flows

Year ended December 31, 2020, with comparative information for 2019

	2020	2019
Cash provided by (used in):		
Operating activities:		
Annual (deficit) surplus	\$ (10,944)	\$ 22,535
Items not involving cash:		
Amortization	2,754	11,015
Changes in non-cash assets and liabilities:		
HST receivable	(7,092)	(966)
Accounts payable and accrued liabilities	11,627	(137)
Accounts payable and accrued liabilities	2,170	-
Prepaid expenses	-	(47)
Net change in cash from operating activities	(1,485)	32,400
Capital activities:		
Cash used to acquire tangible capital assets	(5,366)	(2,450)
Financing activities:		
Change in due from City of Hamilton	(12,911)	3,934
Decrease (increase) in investments	40,000	(90,000)
	27,089	(86,066)
Net increase (decrease) in cash	20,238	(56,116)
Cash, beginning of year	28,574	84,690
Cash, end of year	\$ 48,812	\$ 28,574

See accompanying notes to financial statements.

CONCESSION STREET BUSINESS IMPROVEMENT AREA

Notes to Financial Statements

Year ended December 31, 2020

The Concession Street Business Improvement Area (the "Business Improvement Area") was established in 1983 by the Council of the City of Hamilton and has been entrusted with the improvements, beautification and maintenance of municipally owned land, buildings and structures in the improvement area, beyond such expenditure by the Municipality. The Business Improvement Area is also responsible for the promotion of this improvement area for business and shopping. The Business Improvement Area is financed by a special levy charged upon businesses in the improvement area.

1. Significant accounting policies:

The financial statements of the Business Improvement Area are prepared by management in accordance with Canadian public sector accounting standards ("PSAS") as recommended by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada. Significant accounting policies adopted by the Business Improvement Area are as follows:

(a) Basis of accounting:

The Business Improvement Area follows the accrual method of accounting for revenues and expenses. Revenues are normally recognized in the year in which they are earned and measurable. Expenses are recognized as they are incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation to pay.

(b) Cash and cash equivalents:

Cash and cash equivalents include cash on hand and balances with banks.

(c) Government transfers:

Government transfers received relate to the assessment levy and operating grants. Government transfers are recognized in the financial statements as revenues when the transfer is authorized, any eligibility criteria are met and a reasonable estimate of the amounts can be made except when, and to the extent that, stipulations by the transferors give rise to an obligation that meet the definition of a liability. Government transfers that meet the definition of a liability are recognized as revenue as the liability is extinguished.

(d) Investments:

Investments consist of guaranteed investment certificates and are recorded at cost. When there has been a loss in value that is other than a temporary decline in value, the investment is written down to recognize the loss.

CONCESSION STREET BUSINESS IMPROVEMENT AREA

Notes to Financial Statements (continued)

Year ended December 31, 2020

1. Significant accounting policies (continued):

(e) Other income:

Other income is reported as revenue in the period earned.

(f) Non-financial assets:

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations.

(i) Tangible capital assets:

Tangible capital assets are recorded at cost which includes amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value, of the tangible capital assets are amortized on a straight line basis over their estimated useful lives as follows:

Asset	Useful life - years
Computer hardware	5
Furniture and equipment	10
Revitalization	5
Banners	2

(g) Use of estimates:

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. Actual results could differ from those estimates.

(h) Related party transactions:

Transactions with related parties are measured at the carrying amount.

CONCESSION STREET BUSINESS IMPROVEMENT AREA

Notes to Financial Statements (continued)

Year ended December 31, 2020

2. Tangible capital assets:

Cost	Balance at December 31, 2019	Additions	Disposals	Balance at December 31, 2020
Computer hardware	\$ 1,470	\$ 1,765	\$ -	\$ 3,235
Furniture and equipment	8,930	-	-	8,930
Revitalization	2,450	-	-	2,450
Banners	-	3,601	-	3,601
Total	\$ 12,850	\$ 5,366	\$ -	\$ 18,216

Accumulated amortization	Balance at December 31, 2019	Disposals	Amortization expense	Balance at December 31, 2020
Computer hardware	\$ 1,375	\$ -	\$ 471	\$ 1,846
Furniture and equipment	7,694	-	893	8,587
Revitalization	245	-	490	735
Banners	-	-	900	900
Total	\$ 9,314	\$ -	\$ 2,754	\$ 12,068

Net book value	December 31, 2019	December 31, 2020
Computer hardware	\$ 95	\$ 1,389
Furniture and equipment	1,236	343
Revitalization	2,205	1,715
Banners	-	2,701
Total	\$ 3,536	\$ 6,148

CONCESSION STREET BUSINESS IMPROVEMENT AREA

Notes to Financial Statements (continued)

Year ended December 31, 2020

2. Tangible capital assets (continued):

(a) Contributed tangible capital assets:

The Business Improvement Area received no contributed tangible capital assets in 2020 or 2019.

(b) Tangible capital assets disclosed at nominal values:

There are no tangible capital assets recognized at a nominal value.

(c) Write-down of tangible capital assets:

The Business Improvement Area has not written down any tangible capital assets during the year.

3. Accumulated surplus:

Accumulated surplus consists of the following:

	2020	2019
Surplus:		
Invested in tangible capital assets	\$ 6,148	\$ 3,536
Operating	111,517	125,073
Accumulated surplus	\$ 117,665	\$ 128,609

4. Related party transactions:

During the year, the Business Improvement Area recorded the following transactions with the City of Hamilton:

	2020	2019
Revenue:		
Member levy collected on behalf of the Business Improvement Area	\$ 115,499	\$ 115,033
Grants	44,854	57,884
Expenses:		
General beautification and improvements	13,282	2,273
Office and general	-	1,370

CONCESSION STREET BUSINESS IMPROVEMENT AREA

Notes to Financial Statements (continued)

Year ended December 31, 2020

4. Related party transactions (continued):

The City of Hamilton has also contributed \$7,915 (2019 - \$7,942) to commercial improvement programs undertaken by the Business Improvement Area, \$30,703 (2019 - \$16,099) from parking revenue sharing program, \$nil (2019 - \$1,200) for the annual Christmas grant and \$6,236 (2019 - \$32,643) in other grants. At the end of the year, grants of \$14,272 (2019 - \$1,400) was owing from the City of Hamilton net of \$nil (2019 - \$466) owing for the cash received in excess of member levy collected by the City and \$427 (2019 - \$nil) owing for annual audit expenses.

5. Budget data:

The budget data presented in these financial statements is based upon the 2020 budget approved by the Board. Amortization and acquisitions of tangible capital assets were not contemplated on development of the budget and, as such, were not provided on the statement of changes in net financial assets. The total approved budget for the Business Improvement Area was \$239,931 of which \$124,432 was budgeted reserve transfers and therefore not presented on the statement of operations. Budgeted expenditures for items determined to be capital in nature were excluded from presentation in the statement of operations.

6. Commitment:

The Business Improvement Area is committed to minimum annual lease payments under an operating lease for its office space until 2023 as follows:

2021	\$	6,892
2022		7,060
2023		2,372
	\$	16,324

7. Comparative information:

Certain comparative information has been reclassified to conform with the financial statement presentation adopted in the current year. There is no impact to accumulated surplus as a result of the reclassification.

CONCESSION STREET BUSINESS IMPROVEMENT AREA

Notes to Financial Statements (continued)

Year ended December 31, 2020

8. COVID-19:

In March 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization and has had a significant financial, market and social dislocating impact across the world. This has resulted in governments worldwide, including the Canadian and Ontario governments, enacting emergency measures to combat the spread of the virus.

Several measures were put in place by the Federal Government which include the implementation of travel bans, self-imposed quarantine periods and social distancing. These measures have caused material disruption to individuals, businesses and organizations globally and in Ontario resulting in an economic slowdown. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions however the success of these interventions is not currently determinable.

As at December 31, 2020, COVID-19 has caused the Business Improvement Area to cancel some events. The current challenging economic climate may lead to adverse changes in cash flows, working capital levels and/or debt balances, which may also have a direct impact on the Business Improvement Area's operating results and financial position in the future. The outcome and timeframe to a recovery from the current pandemic is undeterminable, thus it is not practicable to estimate and disclose its financial effect on future operations at this time.

Financial Statements of

**DOWNTOWN HAMILTON
BUSINESS IMPROVEMENT AREA**

Year ended December 31, 2020



KPMG LLP
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INDEPENDENT AUDITORS' REPORT

To the Chairman and Members of the Board of Management of the Downtown Hamilton Business Improvement Area, Members of Council, Inhabitants and Ratepayers of the Corporation of the City of Hamilton

Opinion

We have audited the accompanying financial statements of the Downtown Hamilton Business Improvement Area (the "Entity"), which comprise:

- the statement of financial position as at December 31, 2020,
- the statement of operations for the year then ended,
- the statement of changes in net financial assets for the year then ended,
- the statement of cash flows for the year then ended,
- and notes, including a summary of significant accounting policies and other explanatory information.

(Hereinafter referred to as the "financial statements")

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at December 31, 2020, and its results of operations, its changes in net financial assets 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 "Auditors' Responsibilities for the Audit of the Financial Statements" section of our auditors' report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other 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.



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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 Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

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

Auditors' 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 auditors' 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 the 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.



Page 3

- 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 Entity'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 Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusion is based on the audit evidence obtained up to the date of our auditors report. However, future events or conditions may cause the Entity 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.
- 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.

A handwritten signature in black ink that reads 'KPMG LLP' in a cursive, stylized font. A horizontal line is drawn underneath the signature.

Chartered Professional Accountants, Licensed Public Accountants

Hamilton, Canada

June 8, 2021

DOWNTOWN HAMILTON BUSINESS IMPROVEMENT AREA

Financial Statements

Year ended December 31, 2020

Financial Statements

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DOWNTOWN HAMILTON BUSINESS IMPROVEMENT AREA

Statement of Financial Position

December 31, 2020, with comparative information for 2019

	2020	2019
Financial assets		
Cash	\$ 9,520	\$ 23,889
HST receivable	23,284	29,534
Accounts receivable	4,654	1,498
Investments	138,930	101,260
	<u>176,388</u>	<u>156,181</u>
Financial liabilities		
Accounts payable and accrued liabilities	44,933	26,099
Due to City of Hamilton (note 5)	85	5,226
	<u>45,018</u>	<u>31,325</u>
Net financial assets	131,370	124,856
Non-financial assets		
Tangible capital assets (note 2)	27,739	37,864
Prepaid expenses	11,086	5,578
	<u>38,825</u>	<u>43,442</u>
COVID 19 (note 7)		
Accumulated surplus (note 3)	\$ 170,195	\$ 168,298

See accompanying notes to financial statements.

On behalf of the Board:

_____ Director

_____ Director

DOWNTOWN HAMILTON BUSINESS IMPROVEMENT AREA

Statement of Operations

Year ended December 31, 2020, with comparative information for 2019

	Budget (note 6)	2020	2019
Revenue:			
Assessment levy (note 5)	\$ 400,000	\$ 377,728	\$ 365,835
City of Hamilton grants (note 5)	-	40,511	76,443
Federal grant	-	12,847	22,530
Interest	-	2,708	2,077
Other	65,000	11,914	14,600
	<u>465,000</u>	<u>445,708</u>	<u>481,485</u>
Expenses:			
Administration	9,000	5,055	11,532
Amortization	12,000	15,373	21,634
Bad debt expense	-	300	1,924
Beautification	42,500	56,758	27,140
Miscellaneous	17,000	-	-
Office	60,000	66,602	65,743
Professional fees	4,000	4,226	4,002
Promotions	150,000	88,568	171,506
Salaries	170,500	206,929	175,953
	<u>465,000</u>	<u>443,811</u>	<u>479,434</u>
Annual surplus	-	1,897	2,051
Accumulated surplus, beginning of year	168,298	168,298	166,247
Accumulated surplus, end of year	\$ 168,298	\$ 170,195	\$ 168,298

See accompanying notes to financial statements.

DOWNTOWN HAMILTON BUSINESS IMPROVEMENT AREA

Statement of Changes in Net Financial Assets

Year ended December 31, 2020, with comparative information for 2019

	Budget (note 6)	2020	2019
Annual surplus	\$ -	\$ 1,897	\$ 2,051
Acquisition of tangible capital assets	-	(5,248)	(9,613)
Amortization of tangible capital assets	12,000	15,373	21,634
(Decrease) increase in prepaid expenses	-	(5,508)	1,764
Change in net financial assets	(12,000)	6,514	15,836
Net financial assets, beginning of year	124,856	124,856	109,020
Net financial assets, end of year	\$ 112,856	\$ 131,370	\$ 124,856

See accompanying notes to financial statements.

DOWNTOWN HAMILTON BUSINESS IMPROVEMENT AREA

Statement of Cash Flows

Year ended December 31, 2020, with comparative information for 2019

	2020	2019
Cash provided by (used in)		
Operating activities:		
Annual surplus	\$ 1,897	\$ 2,051
Items not involving cash:		
Amortization	15,373	21,634
Accrued interest	(584)	(1,260)
Changes in non-cash financial assets and liabilities:		
HST receivable	6,250	(3,959)
Accounts receivable	(3,156)	5,565
Prepaid expenses	(5,508)	1,764
Accounts payable and accrued liabilities	18,834	(845)
Net change in cash from operating activities	33,106	24,950
Capital activities:		
Cash used to acquire tangible capital assets	(5,248)	(9,613)
Financing activities:		
Change in due to City of Hamilton	(5,141)	(9,116)
Increase in investments	(37,086)	(100,000)
	(42,227)	(109,116)
Decrease in cash	(14,369)	(93,779)
Cash, beginning of year	23,889	117,668
Cash, end of year	\$ 9,520	\$ 23,889

See accompanying notes to financial statements.

DOWNTOWN HAMILTON BUSINESS IMPROVEMENT AREA

Notes to Financial Statements

Year ended December 31, 2020

The Downtown Hamilton Business Improvement Area (the "Business Improvement Area") was established in 1982 by the Council of the City of Hamilton and has been entrusted with the improvement, beautification and maintenance of municipality owned lands, buildings and structures in the improvement area, beyond such expenditure by the Municipality. The Business Improvement Area is also responsible for the promotion of this improvement area for business and shopping. The Business Improvement Area is financed by a special levy charged upon businesses in the improvement area.

1. Significant accounting policies:

The financial statements of the Business Improvement Area are prepared by management in accordance with Canadian public sector accounting standards ("PSAS"). Significant accounting policies adopted by the Business Improvement Area are as follows:

(a) Basis of accounting:

The Business Improvement Area follows the accrual method of accounting for revenues and expenses. Revenues are normally recognized in the year in which they are earned and measurable. Expenses are recognized as they are incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation to pay.

(b) Government transfers:

Government transfers received relate to the assessment levy and operating grants. Government transfers are recognized in the financial statements as revenues when the transfer is authorized, any eligibility criteria are met and a reasonable estimate of the amounts can be made except when, and to the extent that, stipulations by the transferors give rise to an obligation that meet the definition of a liability. Government transfers that meet the definition of a liability are recognized as revenue as the liability is extinguished.

(c) Other income:

Other income is reported as revenue in the period earned.

(d) Investments:

Investments consist of guaranteed investment certificates and are recorded at cost. When there has been a loss in value that is other than a temporary decline in value, the investment is written down to recognize the loss.

DOWNTOWN HAMILTON BUSINESS IMPROVEMENT AREA

Notes to Financial Statements (continued)

Year ended December 31, 2020

1. Significant accounting policies (continued):

(e) Non-financial assets:

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations.

(i) Tangible capital assets:

Tangible capital assets are recorded at cost which includes amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value, of the tangible capital assets are amortized on a straight-line basis over their estimated useful lives as follows:

Asset	Useful life - years
Computer hardware	5
Computer software	3
Decorations	3
Furniture and equipment	10

Amortization is charged half-year in the year of acquisition.

(f) Use of estimates:

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. Actual results could differ from those estimates.

(g) Related party transactions:

Transactions with related parties are measured at the carrying amount.

DOWNTOWN HAMILTON BUSINESS IMPROVEMENT AREA

Notes to Financial Statements (continued)

Year ended December 31, 2020

2. Tangible capital assets:

Cost	Balance at December 31, 2019	Additions	Disposals	Balance at December 31, 2020
Computer hardware	\$ 6,797	\$ -	\$ -	\$ 6,797
Computer software	206	-	-	206
Decorations	72,399	-	-	72,399
Furniture and equipment	82,600	5,248	-	87,848
Total	\$ 162,002	\$ 5,248	\$ -	\$ 167,250

Accumulated amortization	Balance at December 31, 2019	Disposals	Amortization expense	Balance at December 31, 2020
Computer hardware	\$ 4,449	\$ -	\$ 672	\$ 5,121
Computer software	206	-	-	206
Decorations	58,492	-	9,716	68,208
Furniture and equipment	60,991	-	4,985	65,976
Total	\$ 124,138	\$ -	\$ 15,373	\$ 139,511

	Net book value December 31, 2019	Net book value December 31, 2020
Computer hardware	\$ 2,348	\$ 1,676
Computer software	-	-
Decorations	13,907	4,191
Furniture and equipment	21,609	21,872
Total	\$ 37,864	\$ 27,739

(a) Contributed tangible capital assets:

The Business Improvement Area received no contributed tangible capital assets in 2020 or 2019.

(b) Tangible capital assets disclosed at nominal values:

There are no tangible capital assets recognized at a nominal value.

DOWNTOWN HAMILTON BUSINESS IMPROVEMENT AREA

Notes to Financial Statements (continued)

Year ended December 31, 2020

2. Tangible capital assets (continued):

(c) Write-down of tangible capital assets:

The Business Improvement Area has not written down any tangible capital assets during the year or 2020.

3. Accumulated surplus:

Accumulated surplus consists of the following:

	2020	2019
Surplus:		
Invested in tangible capital assets	\$ 27,739	\$ 37,864
Operating	142,456	130,434
	\$ 170,195	\$ 168,298

4. Commitments:

The Business Improvement Area is committed under a long-term operating lease for the rental of office space until November 2022. Future minimum lease payments under this operating lease are as follows:

2021	\$	18,965
2022		16,427

5. Related party transactions:

(a) City of Hamilton:

During the year, the Business Improvement Area recorded the following transactions with the City of Hamilton:

	2020	2019
Revenue:		
Member levy collected on behalf of the Business Improvement Area	\$ 377,728	\$ 365,835
Expenses:		
Beautification	857	\$ -

DOWNTOWN HAMILTON BUSINESS IMPROVEMENT AREA

Notes to Financial Statements (continued)

Year ended December 31, 2020

5. Related party transactions (continued):

The City of Hamilton also contributed \$5,639 (2019 - \$5,382) to commercial improvement programs undertaken by the Business Improvement Area, \$11,250 (2019 - \$13,085) from parking revenue sharing program, and \$23,622 (2019 - \$57,976) in other grants. At the end of the year, the Business Improvement Area had a payable of \$5,431 (2019 - \$9,165) for the cash received in excess of the member levy collected by the City of Hamilton and \$1,885 (2019 - \$2,109) accrued for expenses, net of \$1,300 (2019 - \$1,200) receivable for the annual Christmas grant and \$5,931 (2019 - \$4,848) of other grants.

6. Budget data:

The budget data presented in these financial statements is based upon the 2020 budget approved by the Board on October 7, 2019.

7. COVID-19:

In March 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization and has had a significant financial, market and social dislocating impact across the world. This has resulted in governments worldwide, including the Canadian and Ontario governments, enacting emergency measures to combat the spread of the virus.

Several measures were put in place by the Federal Government which include the implementation of travel bans, self-imposed quarantine periods and social distancing. These measures have caused material disruption to individuals, businesses and organizations globally and in Ontario resulting in an economic slowdown. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions however the success of these interventions is not currently determinable.

As at December 31, 2020, COVID-19 has had a minimal impact on the Business Improvement Area. The current challenging economic climate may lead to adverse changes in cash flows, working capital levels and/or debt balances, which may also have a direct impact on the Business Improvement Area's operating results and financial position in the future. The outcome and timeframe to a recovery from the current pandemic is undeterminable, thus it is not practicable to estimate and disclose its financial effect on future operations at this time.

Financial Statements of

DUNDAS BUSINESS IMPROVEMENT AREA

Year ended December 31, 2020



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INDEPENDENT AUDITORS' REPORT

To the Chairman and Members of the Board of Management of the Dundas Business Improvement Area, Members of Council, Inhabitants and Ratepayers of the Corporation of the City of Hamilton

Opinion

We have audited the accompanying financial statements of the Dundas Business Improvement Area (the "Entity"), which comprise:

- the statement of financial position as at December 31, 2020,
- the statement of operations for the year then ended,
- the statement of changes in net financial assets for the year then ended,
- the statement of cash flows for the year then ended,
- and notes, including a summary of significant accounting policies and other explanatory information.

(Hereinafter referred to as the "financial statements")

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at December 31, 2020, and its results of operations, its changes in net financial assets 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 "Auditors' Responsibilities for the Audit of the Financial Statements" section of our auditors' report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other 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.



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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 Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

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

Auditors' 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 auditors' 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 the 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 Entity's internal control.



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- 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 Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusion is based on the audit evidence obtained up to the date of our auditors report. However, future events or conditions may cause the Entity 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.
- 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.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

Hamilton, Canada

June 1, 2021

DUNDAS BUSINESS IMPROVEMENT AREA

Financial Statements

Year ended December 31, 2020

Financial Statements

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DUNDAS BUSINESS IMPROVEMENT AREA

Statement of Financial Position

December 31, 2020, with comparative information for 2019

	2020	2019
Financial assets		
Cash	\$ 70,855	\$ 381
Due from the City of Hamilton (note 5)	43,060	70,487
Accounts receivable	1,376	-
HST receivable	30,748	17,613
Investment	4,000	50,000
	<u>150,039</u>	<u>138,481</u>
Financial liabilities		
Bank indebtedness	-	27,763
Accounts payable and accrued liabilities	26,142	17,510
	<u>26,142</u>	<u>45,273</u>
Net financial assets	123,897	93,208
Non-Financial assets		
Tangible capital assets (note 2)	-	-
	<u>-</u>	<u>-</u>
Commitment (note 8)		
COVID-19 (note 9)		
Accumulated surplus (note 3)	\$ 123,897	\$ 93,208

See accompanying notes to financial statements.

On behalf of the Board:

_____ Director

_____ Director

DUNDAS BUSINESS IMPROVEMENT AREA

Statement of Operations

Year ended December 31, 2020, with comparative information for 2019

	Budget (note 6)	2020	2019
Revenue:			
Assessment levy (note 5)	\$ 170,362	\$ 175,809	\$ 164,582
City of Hamilton grants (note 5)	-	45,876	64,178
Buskerfest revenue (note 5)	-	-	60,299
Buskerfest sponsorship – in kind (note 4)	-	-	56,775
Interest	300	697	5
Federal grant (note 7)	-	4,367	4,907
Other income	49,250	763	2,005
Total revenue	219,912	227,512	352,751
Expenses:			
Advertising and promotion	13,371	20,968	40,570
Amortization	-	-	124
Beautification	35,691	44,390	27,932
Buskerfest expenses	25,000	2,516	83,665
Buskerfest other – in kind (note 4)	-	-	56,775
Economic development	3,000	495	6,743
Insurance	3,850	3,700	4,807
Member services	2,100	1,522	1,581
Office and general	6,500	3,496	5,424
Other events	6,800	-	-
Professional fees	3,500	3,383	4,011
Rent	19,000	19,753	18,901
Salaries and wages	56,000	63,216	62,215
Seasonal events	60,100	33,384	23,399
Total expenses	234,912	196,823	336,147
Annual surplus (deficit)	(15,000)	30,689	16,604
Accumulated surplus, beginning of year	93,208	93,208	76,604
Accumulated surplus, end of year	\$ 78,208	\$ 123,897	\$ 93,208

See accompanying notes to financial statements.

DUNDAS BUSINESS IMPROVEMENT AREA

Statement of Changes in Net Financial Assets

Year ended December 31, 2020, with comparative information for 2019

	2020	2019
Annual surplus	\$ 30,689	\$ 16,604
Decrease in prepaid expenses	-	1,180
Amortization of tangible capital assets	-	124
Change in net financial assets	30,689	17,908
Net financial assets, beginning of year	93,208	75,300
Net financial assets, end of year	\$ 123,897	\$ 93,208

See accompanying notes to financial statements.

DUNDAS BUSINESS IMPROVEMENT AREA

Statement of Cash Flows

Year ended December 31, 2020, with comparative information for 2019

	2020	2019
Cash provided by (used in):		
Operating activities:		
Annual surplus	\$ 30,689	\$ 16,604
Items not involving cash:		
Amortization	-	124
Change in non-cash assets and liabilities:		
Accounts receivable	(1,376)	2,960
Prepaid expenses	-	1,180
HST receivable	(13,135)	5,041
Accounts payable and accrued liabilities	8,632	17,239
Net change in cash from operating activities	24,810	43,158
Investing activities:		
Disposal (purchase) of investments	46,000	(50,000)
Financing activities:		
Change in due from City of Hamilton	27,427	(78,988)
Net increase (decrease) in cash	98,237	(85,830)
(Bank indebtedness) cash, beginning of year	(27,382)	58,448
Cash (bank indebtedness), end of year	\$ 70,855	\$ (27,382)
Cash and bank indebtedness is comprised of:		
Cash	70,855	381
Bank indebtedness	-	(27,763)
	\$ 70,855	\$ (27,382)

See accompanying notes to financial statements.

DUNDAS BUSINESS IMPROVEMENT AREA

Notes to Financial Statements

Year ended December 31, 2020

The Dundas Business Improvement Area (the "Business Improvement Area") was established in 1978 by the Council of the former Town of Dundas and has been entrusted with the improvements, beautification and maintenance of municipally owned lands, buildings and structures in the improvement area, beyond such expenditures by the Municipality. The Business Improvement Area is also responsible for the promotion of this improvement area for business and shopping. The Business Improvement Area is financed by a special levy charged upon businesses in the improvement area.

1. Significant accounting policies:

The financial statements of the Business Improvement Area are prepared by management in accordance with Canadian public sector accounting standards ("PSAS"). Significant accounting policies adopted by the Business Improvement Area are as follows:

(a) Basis of accounting:

The Business Improvement Area follows the accrual method of accounting for revenues and expenses. Revenues are normally recognized in the year in which they are earned and measurable. Expenses are recognized as they are incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation to pay.

(b) Cash and cash equivalents:

Cash and cash equivalents include cash on hand and balances with banks, and highly liquid temporary money market instruments with original maturities of three months or less.

(c) Investments:

Investments consist of Guaranteed Investment Certificates and are stated at fair value. Gains and losses on investments are recorded when incurred and interest is recorded when received or receivable.

(d) Government transfers:

Government transfers received relate to the assessment levy and operating grants. Government transfers are recognized in the financial statements as revenues when the transfer is authorized, any eligibility criteria are met and a reasonable estimate of the amounts can be made except when, and to the extent that, stipulations by the transferors give rise to an obligation that meet the definition of a liability. Government transfers that meet the definition of a liability are recognized as revenue as the liability is extinguished.

DUNDAS BUSINESS IMPROVEMENT AREA

Notes to Financial Statements (continued)

Year ended December 31, 2020

1. Significant accounting policies (continued):

(e) Other income:

Other income is reported as revenue in the period earned.

(f) Non-financial assets:

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations.

(i) Tangible capital assets:

Tangible capital assets are recorded at cost which includes amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value, of the tangible capital assets are amortized on a straight line basis over their estimated useful lives as follows:

Asset	Useful life - years
Computer software	3
Computer hardware	5
Decorations	5
Furniture and equipment	10

(g) Use of estimates:

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. Actual results could differ from those estimates.

(h) Related party transactions:

Transactions with related parties are measured at the carrying amount.

DUNDAS BUSINESS IMPROVEMENT AREA

Notes to Financial Statements (continued)

Year ended December 31, 2020

2. Tangible capital assets:

Cost	Balance at December 31, 2019	Additions	Disposals	Balance at December 31, 2020
Computer software	\$ 426	\$ -	\$ -	\$ 426
Computer hardware	1,239	-	-	1,239
Furniture and equipment	15,489	-	-	15,489
Decorations	60,934	-	-	60,934
Total	\$ 78,088	\$ -	\$ -	\$ 78,088

Accumulated amortization	Balance at December 31, 2019	Disposals	Amortization expense	Balance at December 31, 2020
Computer software	\$ 426	\$ -	\$ -	\$ 426
Computer hardware	1,239	-	-	1,239
Furniture and equipment	15,489	-	-	15,489
Decorations	60,934	-	-	60,934
Total	\$ 78,088	\$ -	\$ -	\$ 78,088

	Net book value December 31, 2020	Net book value December 31, 2019
Computer software	\$ -	\$ -
Computer hardware	-	-
Furniture and equipment	-	-
Decorations	-	-
Total	\$ -	\$ -

DUNDAS BUSINESS IMPROVEMENT AREA

Notes to Financial Statements (continued)

Year ended December 31, 2020

3. Accumulated surplus:

Accumulated surplus consists of the following:

	2020	2019
Surplus:		
Invested in tangible capital assets	\$ -	\$ -
Operating surplus	86,939	56,250
Total surplus	86,939	56,250
Reserves set aside by the Board:		
Economic development reserve	24,150	24,150
Promotional development reserve	4,820	4,820
Christmas decoration and other beautification projects reserve	7,988	7,988
Total reserves	36,958	36,958
	\$ 123,897	\$ 93,208

4. Sponsorship:

Donated services, which would otherwise be paid for by the Business Improvement Area are recorded at fair value when provided. The value of the donations in-kind amounted to \$nil (2019 - \$56,775) and has been included in Buskerfest sponsorship in-kind and Buskerfest other in-kind expenses.

5. Related party transactions:

City of Hamilton:

During the year, the Business Improvement Area recorded the following transactions with the City of Hamilton:

	2020	2019
Revenue:		
Member levy collected on behalf of the Business Improvement Area	\$ 175,809	\$ 164,582
Expenses:		
Advertising and promotion	389	500
Beautification	9,870	4,482
Seasonal events	165	1,273

DUNDAS BUSINESS IMPROVEMENT AREA

Notes to Financial Statements (continued)

Year ended December 31, 2020

5. Related party transactions (continued):

The City of Hamilton has also contributed \$14,952 (2019 - \$14,595) to commercial improvement programs undertaken by the Business Improvement Area, \$24,569 (2019 - \$28,183) from parking sharing revenue program and \$6,355 (2019 - \$21,400) in other grants. The Buskerfest grant of \$nil (2019 - \$28,886) from the City of Hamilton is included in Buskerfest revenue in the statement of operations.

At the end of the year, the Business Improvement Area had a receivable of \$45,998 (2019 - \$72,287) from the City of Hamilton for outstanding grants and member levy surplus. The Business Improvement Area had a payable \$2,938 (2019 - \$1,800) primarily for audit fee expenses.

6. Budget data:

The budget data presented in these financial statements is based upon the 2020 budget approved by the Board on October 1, 2019. Amortization and acquisition of tangible capital assets were not contemplated on development of the budget and, as such, were not provided on the statement of changes in net financial assets. In addition, the Business Improvement Area often budgets for revenue sources not in accordance with public sector accounting standards. Total revenues budgeted in 2020 were \$234,912, of which \$15,000 relates to rebates received on eligible purchases for HST. This has been excluded from the budget presented on the statement of operations for a consistent basis of accounting.

7. Government transfers:

During the year, the Business Improvement Area received a federal grant for summer students in the amount of \$4,367 (2019 - \$ 4,907).

8. Commitment:

The Business Improvement Area is committed under an operating lease for the rental of office space until June 30, 2022. Future minimum lease payments under this operating lease are as follows:

2021	\$	21,144
2022		10,572
	\$	31,716

DUNDAS BUSINESS IMPROVEMENT AREA

Notes to Financial Statements (continued)

Year ended December 31, 2020

9. COVID-19:

In March 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization and has had a significant financial, market and social dislocating impact across the world. This has resulted in governments worldwide, including the Canadian and Ontario governments, enacting emergency measures to combat the spread of the virus.

Several measures were put in place by the Federal Government which include the implementation of travel bans, self-imposed quarantine periods and social distancing. These measures have caused material disruption to individuals, businesses and organizations globally and in Ontario resulting in an economic slowdown. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions however the success of these interventions is not currently determinable.

As at December 31, 2020, COVID-19 has caused the Business Improvement Area to cancel some events. The current challenging economic climate may lead to adverse changes in cash flows, working capital levels and/or debt balances, which may also have a direct impact on the Business Improvement Area's operating results and financial position in the future. The outcome and timeframe to a recovery from the current pandemic is undeterminable, thus it is not practicable to estimate and disclose its financial effect on future operations at this time.

Financial Statements of

**INTERNATIONAL VILLAGE
BUSINESS IMPROVEMENT
AREA**

Year ended December 31, 2020



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INDEPENDENT AUDITORS' REPORT

To the Chairman and Members of the Board of Management of the International Village Business Improvement Area, Members of Council, Inhabitants and Ratepayers of the Corporation of the City of Hamilton

Opinion

We have audited the accompanying financial statements of the International Village Business Improvement Area (the "Entity"), which comprise:

- the statement of financial position as at December 31, 2020,
- the statement of operations for the year then ended,
- the statement of changes in net financial assets for the year then ended,
- the statement of cash flows for the year then ended,
- and notes, including a summary of significant accounting policies and other explanatory information.

(Hereinafter referred to as the "financial statements")

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at December 31, 2020, and its results of operations, its changes in net financial assets 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 "Auditors' Responsibilities for the Audit of the Financial Statements" section of our auditors' report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other 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.



Page 2

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 Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

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

Auditors' 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 auditors' 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 the 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 Entity's internal control.



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- 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 Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusion is based on the audit evidence obtained up to the date of our auditors report. However, future events or conditions may cause the Entity 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.
- 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.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

Hamilton, Canada

October 13, 2021

INTERNATIONAL VILLAGE BUSINESS IMPROVEMENT AREA

Financial Statements

Year ended December 31, 2020

Financial Statements

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INTERNATIONAL VILLAGE BUSINESS IMPROVEMENT AREA

Statement of Financial Position

December 31, 2020, with comparative information for 2019

	2020	2019
Financial assets		
Cash	\$ 155,895	\$ 148,328
HST receivable	14,107	7,743
Due from City of Hamilton (note 3)	-	1,369
	<u>170,002</u>	<u>157,440</u>
Financial liabilities		
Accounts payable and accrued liabilities	3,303	2,346
Due to City of Hamilton (note 3)	2,567	-
	<u>5,870</u>	<u>2,346</u>
Net financial assets	164,132	155,094
Non-financial assets		
Prepaid expenses	5,405	4,665
Tangible capital assets (note 2)	2,781	4,952
	<u>8,186</u>	<u>9,617</u>
Commitments (note 5) COVID-19 (note 7)		
Accumulated surplus (note 4)	<u>\$ 172,318</u>	<u>\$ 164,711</u>

See accompanying notes to financial statements.

On behalf of the Board:

 Director

 Director

INTERNATIONAL VILLAGE BUSINESS IMPROVEMENT AREA

Statement of Operations

Year ended December 31, 2020, with comparative information for 2019

	Budget (note 6)	2020	2019
Revenue:			
Assessment levy (note 3)	\$ 170,000	\$ 167,943	\$ 157,369
City of Hamilton grants (note 3)	18,000	24,657	55,290
Other	-	8,868	5,450
Total revenue	188,000	201,468	218,109
Expenses:			
Advertising and promotion	70,000	25,796	27,456
Amortization	-	2,171	2,230
Audit fees	-	611	1,211
Beautification and maintenance	3,500	3,472	1,400
Board expenses	2,000	1,154	1,392
Commercial improvement	-	-	6,671
Contingency	5,000	-	-
Insurance	3,900	3,904	3,620
Interest and bank charges	3,500	3,184	2,795
Main street initiative	-	13,184	10,412
Member events and office	10,200	7,951	6,370
Parking program expenditures	-	-	14,461
Rent	12,900	11,597	11,057
Repairs and maintenance	1,000	414	506
Wages – administrative and program delivery	72,000	117,692	102,512
Telephone and internet	4,000	2,731	3,340
Community enrichment expenses	-	-	2,256
Total expenses	188,000	193,861	197,689
Annual surplus		7,607	20,420
Accumulated surplus, beginning of year		164,711	144,291
Accumulated surplus, end of year		\$ 172,318	\$ 164,711

See accompanying notes to financial statements.

INTERNATIONAL VILLAGE BUSINESS IMPROVEMENT AREA

Statement of Changes in Net Financial Assets

Year ended December 31, 2020, with comparative information for 2019

	2020	2019
Annual surplus	\$ 7,607	\$ 20,420
Increase in prepaid expenses	(740)	(2,479)
Amortization of tangible capital assets	2,171	2,230
Change in net financial assets	9,038	20,171
Net financial assets, beginning of year	155,094	134,923
Net financial assets, end of year	\$ 164,132	\$ 155,094

See accompanying notes to financial statements.

INTERNATIONAL VILLAGE BUSINESS IMPROVEMENT AREA

Statement of Cash Flows

Year ended December 31, 2020, with comparative figures for 2019

	2020	2019
Cash provided by (used in):		
Operating activities:		
Annual surplus	\$ 7,607	\$ 20,420
Items not involving cash:		
Amortization	2,171	2,230
Change in non-cash assets and liabilities:		
Accounts receivable	-	1,192
HST receivable	(6,364)	7,543
Prepaid expenses	(740)	(2,479)
Accounts payable and accrued liabilities	957	(659)
Net change in cash from operating activities	3,631	28,247
Financing activities:		
Change in due to/from City of Hamilton	3,936	(4,583)
Net increase in cash	7,567	23,664
Cash, beginning of year	148,328	124,664
Cash, end of year	\$ 155,895	\$ 148,328

See accompanying notes to financial statements.

INTERNATIONAL VILLAGE BUSINESS IMPROVEMENT AREA

Notes to Financial Statements

Year ended December 31, 2020

The International Village Business Improvement Area ("Business Improvement Area") was established by the Council of the City of Hamilton and has been entrusted with the improvement, beautification and maintenance of municipally owned lands, buildings and structures in the improvement area, beyond such expenditure by the Municipality. The Business Improvement Area is also responsible for the promotion of this improvement area for business and shopping. The Business Improvement Area is financed by a special levy charged upon businesses in the improvement area.

1. Significant accounting policies:

The financial statements of the Business Improvement Area are prepared by management in accordance with Canadian public sector accounting standards ("PSAS"). Significant accounting policies adopted by the Business Improvement Area are as follows:

(a) Basis of accounting:

The Business Improvement Area follows the accrual method of accounting for revenues and expenses. Revenues are normally recognized in the year in which they are earned and measurable. Expenses are recognized as they are incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation to pay.

(b) Cash and cash equivalents:

Cash and cash equivalents include cash on hand and balances with banks, and highly liquid temporary money market instruments with original maturities of three months or less.

(c) Government transfers:

Government transfers received relate to the assessment levy and operating grants. Government transfers are recognized in the financial statements as revenues when the transfer is authorized, any eligibility criteria are met and a reasonable estimate of the amounts can be made except when, and to the extent that, stipulations by the transferors give rise to an obligation that meet the definition of a liability. Government transfers that meet the definition of a liability are recognized as revenue as the liability is extinguished.

(d) Other income:

Other income is reported as revenue in the period earned.

INTERNATIONAL VILLAGE BUSINESS IMPROVEMENT AREA

Notes to Financial Statements (continued)

Year ended December 31, 2020

1. Significant accounting policies (continued):

(e) Non-financial assets:

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations.

(i) Tangible capital assets:

Tangible capital assets are recorded at cost which includes amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value, of the tangible capital assets are amortized on a straight line basis over their estimated useful lives as follows:

Asset	Useful life - years
Computer hardware	5
Furniture and equipment	10
Decorations	5

(f) Use of estimates:

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. Actual results could differ from those estimates.

(g) Related party transactions:

Transactions with related parties are measured at the exchange amount.

INTERNATIONAL VILLAGE BUSINESS IMPROVEMENT AREA

Notes to Financial Statements (continued)

Year ended December 31, 2020

2. Tangible capital assets:

Cost	Balance at December 31, 2019	Additions	Disposals	Balance at December 31, 2020
Computer hardware	\$ 3,236	\$ -	\$ -	\$ 3,236
Furniture and equipment	7,187	-	-	7,187
Decorations	18,344	-	-	18,344
Total	\$ 28,767	\$ -	\$ -	\$ 28,767

Accumulated amortization	Balance at December 31, 2019	Disposals	Amortization expense	Balance at December 31, 2020
Computer hardware	\$ 3,236	\$ -	\$ -	\$ 3,236
Furniture and equipment	7,187	-	-	7,187
Decorations	13,392	-	2,171	15,563
Total	\$ 23,815	\$ -	\$ 2,171	\$ 25,986

Net book value	December 31, 2019	December 31, 2020
Computer hardware	\$ -	\$ -
Furniture and equipment	-	-
Decorations	4,952	2,781
Total	\$ 4,952	\$ 2,781

(a) Contributed tangible capital assets:

The Business Improvement Area received no contributed tangible capital assets in 2020 or 2019.

(b) Tangible capital assets disclosed at nominal values:

There are no tangible capital assets recognized at a nominal value.

(c) Write-down of tangible capital assets:

The Business Improvement Area has not recorded write-downs of tangible capital assets during the year or 2019.

INTERNATIONAL VILLAGE BUSINESS IMPROVEMENT AREA

Notes to Financial Statements (continued)

Year ended December 31, 2020

3. Related party transactions:

During the year, the Business Improvement Area recorded the following transactions with the City of Hamilton:

	2020	2019
Revenue:		
Member levy collected on behalf of the Business Improvement Area	\$ 167,943	\$ 157,369
Grants	24,657	55,290

The City of Hamilton contributed \$6,994 (2019 - \$6,612) to commercial improvement programs undertaken by the Business Improvement Area, \$12,363 (2019 - \$25,298) from parking revenue sharing program, \$1,300 (2019 - \$1,200) for the annual Christmas grant and \$4,000 (2019 - \$22,180) in other grants.

At the end of the year, grants of \$1,300 (2019 - \$1,200) was owing from the City of Hamilton net of \$2,057 (2019 - (\$1,969) owing (receivable) for the cash received in excess of member levy collected by the City and \$1,810 (2019 - \$1,800) owing for annual audit and other expenses.

4. Accumulated surplus:

Accumulated surplus consists of the following:

	2020	2019
Surplus:		
Invested in tangible capital assets	\$ 2,781	\$ 4,952
Operating	169,537	159,759
Accumulated surplus	\$ 172,318	\$ 164,711

INTERNATIONAL VILLAGE BUSINESS IMPROVEMENT AREA

Notes to Financial Statements (continued)

Year ended December 31, 2020

5. Commitments:

The Business Improvement Area is committed to future minimum annual lease payments under an operating lease for its office space as follows:

2021	\$	13,200
2022		13,200
2023		6,600
	\$	33,000

6. Budget data:

The budget data presented in these financial statements is based upon the 2020 budget approved by the Board on September 11, 2019. Amortization and acquisitions of tangible capital assets were not contemplated on development of the budget and, as such, were not provided on the statement of changes in net financial assets.

7. COVID-19:

In March 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization and has had a significant financial, market and social dislocating impact across the world. This has resulted in governments worldwide, including the Canadian and Ontario governments, enacting emergency measures to combat the spread of the virus.

Several measures were put in place by the Federal Government which include the implementation of travel bans, self-imposed quarantine periods and social distancing. These measures have caused material disruption to individuals, businesses and organizations globally and in Ontario resulting in an economic slowdown. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions however the success of these interventions is not currently determinable.

As at December 31, 2020, COVID-19 has caused the Business Improvement Area to cancel some events. The current challenging economic climate may lead to adverse changes in cash flows, working capital levels and/or debt balances, which may also have a direct impact on the Business Improvement Area's operating results and financial position in the future. The outcome and timeframe to a recovery from the current pandemic is undeterminable, thus it is not practicable to estimate and disclose its financial effect on future operations at this time.

Financial Statements of

LOCKE STREET BUSINESS IMPROVEMENT AREA

And Independent Auditors' Report thereon

Year ended December 31, 2020



KPMG LLP
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INDEPENDENT AUDITORS' REPORT

To the Chairman and Members of the Board of Management of the Locke Street Business Improvement Area, Members of Council, Inhabitants and Ratepayers of the Corporation of the City of Hamilton

Opinion

We have audited the accompanying financial statements of the Locke Street Business Improvement Area (the "Entity"), which comprise:

- the statement of financial position as at December 31, 2020,
- the statement of operations and accumulated surplus for the year then ended,
- the statement of changes in net financial assets for the year then ended,
- the statement of cash flows for the year then ended,
- and notes, including a summary of significant accounting policies and other explanatory information.

(Hereinafter referred to as the "financial statements")

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at December 31, 2020, and its results of operations and accumulated surplus, its changes in net financial assets 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 "***Auditors' Responsibilities for the Audit of the Financial Statements***" section of our auditors' report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other 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.



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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 Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

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

Auditors' 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 auditors' 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 the 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 Entity's internal control.



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- 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 Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusion is based on the audit evidence obtained up to the date of our auditors report. However, future events or conditions may cause the Entity 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.
- 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.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

Hamilton, Canada

August 19, 2022

LOCKE STREET BUSINESS IMPROVEMENT AREA

Financial Statements

Year ended December 31, 2020

Financial Statements

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LOCKE STREET BUSINESS IMPROVEMENT AREA

Statement of Financial Position

December 31, 2020, with comparative information for 2019

	2020	2019
Financial assets		
Cash	\$ 32,209	\$ 68,086
Accounts receivable	5,200	–
HST receivable	12,082	3,368
Due from City of Hamilton (note 2)	6,084	10,468
	<u>55,575</u>	<u>81,922</u>
Financial liabilities		
Accounts payable and accrued liabilities	9,742	3,280
Deferred revenue (note 3)	2,447	5,452
Net Financial assets	<u>43,386</u>	<u>73,190</u>
Non-Financial assets		
Tangible capital assets (note 4)	26,278	10,898
Prepaid expenses	495	3,076
	<u>26,773</u>	<u>13,974</u>
COVID-19 (note 7)		
Accumulated surplus (note 5)	<u>\$ 70,159</u>	<u>\$ 87,164</u>

See accompanying notes to financial statements.

On behalf of the Board:

 Director

 Director

LOCKE STREET BUSINESS IMPROVEMENT AREA

Statement of Operations and Accumulated Surplus

Year ended December 31, 2020, with comparative information for 2019

	Budget (note 6)	2020	2019
Revenues:			
Assessment levy (note 2)	\$ 30,000	\$ 30,123	\$ 28,844
Seven Saturday's	44,000	28,042	—
City of Hamilton grants (note 2)	12,500	17,608	35,873
Other	—	5,300	—
LSMA funding (note 3)	—	3,005	—
Eat well, be well income	—	—	13,811
Festival income	—	—	565
Total revenue	86,500	84,078	79,093
Expenses:			
Advertising and promotion	15,500	13,092	14,679
Amortization	—	15,257	13,337
Commercial improvement	9,000	30,871	4,538
Festival expenses	53,000	34,897	27,662
Insurance	1,650	1,363	1,239
Office supplies	500	270	942
Professional fees	4,100	2,905	1,649
Miscellaneous	—	—	463
Rent	2,750	2,428	2,098
Total expenses	86,500	101,083	66,607
Annual (deficit) surplus	—	(17,005)	12,486
Accumulated surplus, beginning of year	87,164	87,164	74,678
Accumulated surplus, end of year	\$ 87,164	\$ 70,159	\$ 87,164

See accompanying notes to financial statements.

LOCKE STREET BUSINESS IMPROVEMENT AREA

Statement of Changes in Net Financial Assets

Year ended December 31, 2020, with comparative information for 2019

	2020	2019
Annual (deficit) surplus	\$ (17,005)	\$ 12,486
Acquisition of tangible capital assets	(30,637)	—
Amortization of tangible capital assets	15,257	13,337
Decrease (increase) in prepaid expenses	2,581	(304)
Change in net financial assets	(29,804)	25,519
Net financial assets, beginning of year	73,190	47,671
Net financial assets, end of year	\$ 43,386	\$ 73,190

See accompanying notes to financial statements.

LOCKE STREET BUSINESS IMPROVEMENT AREA

Statement of Cash Flows

Year ended December 31, 2020, with comparative information for 2019

	2020	2019
Cash provided by (used in):		
Operating activities:		
Annual (deficit) surplus	\$ (17,005)	\$ 12,486
Items not involving cash:		
Amortization	15,257	13,337
Change in non-cash assets and liabilities:		
Accounts receivable	(5,200)	876
HST receivable	(8,714)	(2,289)
Prepaid expenses	2,581	(304)
Accounts payable and accrued liabilities	6,462	3,168
Deferred revenue	(3,005)	-
Net change in cash from operating activities	(9,624)	27,274
Investing activities:		
Cash used to acquire tangible capital assets	(30,637)	-
Financing activities:		
Change in due to/from City of Hamilton	4,384	3,591
(Decrease) increase in cash	(35,877)	30,865
Cash, beginning of year	68,086	37,221
Cash, end of year	\$ 32,209	\$ 68,086

See accompanying notes to financial statements.

LOCKE STREET BUSINESS IMPROVEMENT AREA

Notes to Financial Statements

Year ended December 31, 2020

The Locke Street Business Improvement Area ("Business Improvement Area") was established in 2007 by the Council of the City of Hamilton and has been entrusted with the improvement, beautification and maintenance of municipality owned lands, buildings and structures in the improvement area, beyond such expenditures by the Municipality. The Business Improvement Area is also responsible for the promotion of this improvement area for business and shopping as well as the Locke Street Festival and commercial expenses incurred on Locke Street. The Business Improvement Area is financed by a special levy charged upon businesses in the improvement area.

During the year ended December 31, 2014, the Business Improvement Area assumed a large portion of the Locke Street Merchants Association's ("LSMA") responsibilities. As part of this change, the Business Improvement Area accepted responsibility for the Locke Street Festival, including related revenues and expenditures of the festival and commercial improvement expenses incurred on Locke Street that were previously performed by the LSMA.

1. Significant accounting policies:

The financial statements of the Business Improvement Area are prepared by management in accordance with Canadian public sector accounting standards ("PSAS") as recommended by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada. Significant accounting policies adopted by the Business Improvement Area are as follows:

(a) Basis of accounting:

The Business Improvement Area follows the accrual method of accounting for revenues and expenses. Revenues are recognized in the year in which they are earned and measurable. Expenses are recognized as they are incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation to pay.

(b) Cash and cash equivalents:

Cash and cash equivalents include cash on hand and balances with banks, and highly liquid temporary money market instruments with original maturities of three months or less.

(c) Government transfers:

Government transfers received relate to the assessment levy and operating grants. Government transfers are recognized in the financial statements as revenues when the transfer is authorized, any eligibility criteria are met and a reasonable estimate of the amounts can be made except when, and to the extent that, stipulations by the transferors give rise to an obligation that meet the definition of a liability. Government transfers that meet the definition of a liability are recognized as revenue as the liability is extinguished.

LOCKE STREET BUSINESS IMPROVEMENT AREA

Notes to Financial Statements (continued)

Year ended December 31, 2020

1. Significant accounting policies (continued):

(d) Other income:

Other income is reported as revenue in the period earned.

Income, with external restrictions, is recognized as revenue in the year in which the related expenses are recognized. Contributions restricted for the purchase of capital assets are recognized when the restrictions are satisfied either when the asset is acquired or as the asset is used in accordance with the terms of the restriction.

(e) Non-financial assets:

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations.

(i) Tangible capital assets:

Tangible capital assets are recorded at cost which includes amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value, of the tangible capital assets are amortized on a straight-line basis over their estimated useful lives as follows:

Asset	Useful life - years
Decorations	5
Banners	4
Light standards	10

(f) Use of estimates:

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. Actual results could differ from those estimates.

(g) Related party transactions:

Transactions with related parties are measured at the carrying amount.

LOCKE STREET BUSINESS IMPROVEMENT AREA

Notes to Financial Statements (continued)

Year ended December 31, 2020

2. Related party transactions:

During the year, the Business Improvement Area recorded the following transactions with the City of Hamilton:

Revenue:

	2020	2019
Member levy collected on behalf of the Business Improvement Area	\$ 30,123	\$ 28,844
City of Hamilton grants	17,608	35,873

The City of Hamilton has also contributed \$2,548 (2019 - \$2,699) to commercial improvement programs undertaken by the Business Improvement Area, \$1,300 (2019 - \$1,200) for the annual Christmas grant, \$3,727 (2019 - \$11,774) from the parking sharing revenue program and \$10,033 (2019 - \$20,200) in other grants.

At the end of the year, the Business Improvement Area had a receivable of \$6,300 (2019 - \$13,174) and \$123 (2019 - \$Nil) from the City of Hamilton for outstanding grants and member levy surplus. The Business Improvement Area had a payable of \$Nil (2019 - \$2,106) for the deficit of the member levy collected by the City of Hamilton and \$339 (2019 - \$600) owing for the annual audit expenses.

3. Deferred revenue:

Deferred revenue is comprised of amounts received from the Locke St. Merchant Association ("LSMA") which dissolved in 2015. The Business Improvement Area is required to spend these funds on beautification and enhancements to the Business Improvement Area with funds specifically allocated to the area of the Business Improvement Area previously covered under the LSMA jurisdiction. The deferred revenue reported on the statement of financial position is made up of:

	2020	2019
Balance, beginning of year	\$ 5,452	\$ 5,452
Recognized as revenue	(3,005)	-
Balance, end of year	\$ 2,447	\$ 5,452

LOCKE STREET BUSINESS IMPROVEMENT AREA

Notes to Financial Statements (continued)

Year ended December 31, 2020

4. Tangible capital assets:

Cost	Balance at December 31, 2019	Additions	Disposals	Balance at December 31, 2020
Decorations	\$ 43,254	\$ 7,771	\$ -	\$ 51,025
Banners	18,744	-	-	18,744
Light standards	-	22,866	-	22,866
Total	\$ 61,998	\$ 30,637	\$ -	\$ 92,635

Accumulated amortization	Balance at December 31, 2019	Disposals	Amortization expense	Balance at December 31, 2020
Decorations	\$ 37,306	\$ -	\$ 9,428	\$ 46,734
Banners	13,794	-	4,686	18,480
Light standards	-	-	1,143	1,143
Total	\$ 51,100	\$ -	\$ 15,257	\$ 66,357

Net book value	December 31, 2019	December 31, 2020
Decorations	\$ 5,948	\$ 4,291
Banners	4,950	264
Light standards	-	21,723
Total	\$ 10,898	\$ 26,278

(a) Contributed tangible capital assets:

The Business Improvement Area received no contributed tangible capital assets in 2020 or 2019.

(b) Tangible capital assets disclosed at nominal values:

There are no tangible capital assets recognized at a nominal value.

(c) Write-down of tangible capital assets:

The Business Improvement Area has not recorded write-downs of tangible capital assets during the year or 2019.

LOCKE STREET BUSINESS IMPROVEMENT AREA

Notes to Financial Statements (continued)

Year ended December 31, 2020

5. Accumulated surplus:

Accumulated surplus consists of the following:

	2020	2019
Surplus:		
Invested in tangible capital assets	\$ 26,278	\$ 10,898
Operating	43,881	76,266
	\$ 70,159	\$ 87,164

6. Budget data:

The budget data presented in these financial statements is based upon the 2020 budget approved by the Board on January 28, 2020. Amortization and acquisitions of tangible capital assets were not contemplated on development of the budget and, as such, were not provided on the statement of changes in net financial assets.

7. COVID-19:

In March 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization and has had a significant financial, market and social dislocating impact across the world. This has resulted in governments worldwide, including the Canadian and Ontario governments, enacting emergency measures to combat the spread of the virus.

Several measures were put in place by the Federal Government which include the implementation of travel bans, self-imposed quarantine periods and social distancing. These measures have caused material disruption to individuals, businesses and organizations globally and in Ontario resulting in an economic slowdown. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions however the success of these interventions is not currently determinable.

As at December 31, 2020, COVID-19 has caused the Business Improvement Area to cancel some events. The current challenging economic climate may lead to adverse changes in cash flows, working capital levels and/or debt balances, which may also have a direct impact on the Business Improvement Area's operating results and financial position in the future. The outcome and timeframe to a recovery from the current pandemic is undeterminable, thus it is not practicable to estimate and disclose its financial effect on future operations at this time.

Financial Statements of

**OTTAWA STREET
BUSINESS IMPROVEMENT AREA**

Year ended December 31, 2020



KPMG LLP
Commerce Place
21 King Street West Suite 700
Hamilton, ON L8P 4W7
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Tel 905 523-8200
Fax 905 523-2222

INDEPENDENT AUDITORS' REPORT

To the Chairman and Members of the Board of Management of Ottawa Street Business Improvement Area, Members of Council, Inhabitants and Ratepayers of the Corporation of the City of Hamilton

Opinion

We have audited the accompanying financial statements of the Ottawa Street Business Improvement Area (the "Entity"), which comprise:

- the statement of financial position as at December 31, 2020,
- the statement of operations for the year then ended,
- the statement of changes in net financial assets for the year then ended,
- the statement of cash flows for the year then ended,
- and notes, including a summary of significant accounting policies and other explanatory information.

(Hereinafter referred to as the "financial statements")

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at December 31, 2020, and its results of operations, its changes in net financial assets 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 "Auditors' Responsibilities for the Audit of the Financial Statements" section of our auditors' report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other 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.



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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 Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

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

Auditors' 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 auditors' 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 the 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 Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



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- 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 Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusion is based on the audit evidence obtained up to the date of our auditors report. However, future events or conditions may cause the Entity 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.
- 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.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

Hamilton, Canada

August 12, 2021

OTTAWA STREET BUSINESS IMPROVEMENT AREA

Financial Statements

Year ended December 31, 2020

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OTTAWA STREET BUSINESS IMPROVEMENT AREA

Statement of Financial Position

December 31, 2020, with comparative information for 2019

	2020	2019
Financial assets		
Cash	\$ 84,549	\$ 63,294
Accounts receivable	3,395	1,697
HST receivable	27,644	33,441
Due from City of Hamilton (note 3)	1,662	-
Note receivable	5,000	-
	<u>122,250</u>	<u>98,432</u>
Financial liabilities		
Accounts payable and accrued liabilities	7,422	38,739
Due to City of Hamilton (note 3)	-	781
	<u>7,422</u>	<u>39,520</u>
Net financial assets	114,828	58,912
Non-financial assets		
Tangible capital assets (note 2)	78,903	88,526
Commitment (note 5)		
COVID-19 (note 7)		
Accumulated surplus (note 4)	\$ 193,731	\$ 147,438

See accompanying notes to financial statements.

On behalf of the Board:

Director

Director

OTTAWA STREET BUSINESS IMPROVEMENT AREA

Statement of Operations

Year ended December 31, 2020, with comparative information for 2019

	Budget (Note 6)	2020	2019
Revenue:			
Assessment levy (note 3)	\$ 133,000	\$ 134,205	\$ 132,643
City of Hamilton grants (note 3)	-	36,276	62,153
Farmer's market	-	3,395	1,697
Other income	-	2,742	31,677
Total revenue	133,000	176,618	228,170
Expenses:			
Advertising and promotion	38,500	19,341	33,387
Administrative services	42,000	8,483	9,615
Amortization	-	20,557	17,590
Bad debts	-	-	350
Beautification	16,500	11,798	41,834
Insurance	3,500	3,024	2,954
Office	-	1,070	2,126
Project costs	5,000	11,066	37,749
Rent	27,500	22,030	24,721
Salaries	-	32,956	47,165
Total expenses	133,000	130,325	217,491
Annual surplus	-	46,293	10,679
Accumulated surplus, beginning of year	147,438	147,438	136,759
Accumulated surplus, end of year	\$ 193,731	\$ 193,731	\$ 147,438

See accompanying notes to financial statements.

OTTAWA STREET BUSINESS IMPROVEMENT AREA

Statement of Changes in Net Financial Assets

Year ended December 31, 2020, with comparative information for 2019

	2020	2019
Annual surplus	\$ 46,293	\$ 10,679
Acquisition of tangible capital assets	(10,934)	(24,127)
Amortization of tangible capital assets	20,557	17,590
Change in net financial assets	55,916	4,142
Net financial assets, beginning of year	58,912	54,770
Net financial assets, end of year	\$ 114,828	\$ 58,912

See accompanying notes to financial statements.

OTTAWA STREET BUSINESS IMPROVEMENT AREA

Statement of Cash Flows

Year ended December 31, 2020, with comparative information for 2019

	2020	2019
Cash provided by (used in):		
Operating activities:		
Annual surplus	\$ 46,293	\$ 10,679
Items not involving cash:		
Amortization	20,557	17,590
Changes in non-cash assets and liabilities:		
Accounts receivable	(1,698)	-
HST receivable	5,797	(1,949)
Note receivable	(5,000)	-
Accounts payable and accrued liabilities	(31,317)	4,309
Net change in cash from operating activities	34,632	30,629
Capital activities:		
Cash used to acquire tangible capital assets	(10,934)	(24,127)
Financing activities:		
Change in due to/from City of Hamilton	(2,443)	32,408
Increase in cash	21,255	38,910
Cash, beginning of year	63,294	24,384
Cash, end of year	\$ 84,549	\$ 63,294

See accompanying notes to financial statements.

OTTAWA STREET BUSINESS IMPROVEMENT AREA

Notes to Financial Statements

Year ended December 31, 2020

Ottawa Street Business Improvement Area (the "Business Improvement Area") was established in 1985 by the Council of the City of Hamilton and has been entrusted with the improvement, beautification and maintenance of municipally owned land, buildings and structures in the improvement area, beyond such expenditure by the City of Hamilton. The Business Improvement Area is also responsible for the promotion of this area for business and shopping. The Business Improvement Area is financed by a special levy charged upon businesses in the improvement area.

1. Significant accounting policies:

The financial statements of the Business Improvement Area are prepared by management in accordance with Canadian public sector accounting standards ("PSAS"). Significant accounting policies adopted by the Business Improvement Area are as follows:

(a) Basis of accounting:

The Business Improvement Area follows the accrual method of accounting for revenues and expenses. Revenues are normally recognized in the year in which they are earned and measurable. Expenses are recognized as they are incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation to pay.

(b) Government transfers:

Government transfers received relate to the assessment levy and operating grants. Government transfers are recognized in the financial statements as revenues when the transfer is authorized, any eligibility criteria are met and a reasonable estimate of the amounts can be made except when, and to the extent that, stipulations by the transferors give rise to an obligation that meet the definition of a liability. Government transfers that meet the definition of a liability are recognized as revenue as the liability is extinguished.

(c) Other income:

Other income is reported as revenue in the period earned.

OTTAWA STREET BUSINESS IMPROVEMENT AREA

Notes to Financial Statements (continued)

Year ended December 31, 2020

1. Significant accounting policies (continued):

(d) Non-financial assets:

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations.

(i) Tangible capital assets:

Tangible capital assets are recorded at cost which includes amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value, of the tangible capital assets are amortized on a straight line basis over their estimated useful lives as follows:

Asset	Useful life - years
Computers	5
Decorations	5
Furniture and equipment	10
Leasehold improvements	10

(e) Use of estimates:

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. Actual results could differ from those estimates.

(f) Related party transactions:

Transactions with related parties are measured at the carrying amount.

(g) Note receivable:

Note receivable is valued at cost. Recoverability is assessed annually, and a valuation allowance is recorded when recoverability has been impaired. Note receivable is written off when it is no longer recoverable. Interest revenue is recognized as it is earned.

OTTAWA STREET BUSINESS IMPROVEMENT AREA

Notes to Financial Statements (continued)

Year ended December 31, 2020

2. Tangible capital assets:

Cost	Balance at December 31, 2019	Additions	Disposals	Balance at December 31, 2020
Computers	\$ 4,982	\$ 749	\$ -	\$ 5,731
Decorations	50,222	10,185	-	60,407
Furniture and equipment	109,341	-	-	109,341
Leasehold improvements	5,848	-	-	5,848
Total	\$ 170,393	\$ 10,934	\$ -	\$ 181,327

Accumulated amortization	Balance at December 31, 2019	Disposals	Amortization expense	Balance at December 31, 2020
Computers	\$ 2,038	\$ -	\$ 801	\$ 2,839
Decorations	25,979	-	8,237	34,216
Furniture and equipment	49,752	-	10,934	60,686
Leasehold improvements	4,098	-	585	4,683
Total	\$ 81,867	\$ -	\$ 20,557	\$ 102,424

Net book value	December 31, 2019	December 31, 2020
Computers	\$ 2,944	\$ 2,892
Decorations	24,244	26,191
Furniture and equipment	59,589	48,655
Leasehold improvements	1,749	1,165
Total	\$ 88,526	\$ 78,903

(a) Contributed tangible capital assets:

The Business Improvement Area received no contributed tangible capital assets in 2020 or 2019.

(b) Tangible capital assets disclosed at nominal values:

There are no tangible capital assets recognized at a nominal value.

(c) Write-down of tangible capital assets:

The Business Improvement Area has not recorded write-downs of tangible capital assets during the year or 2019.

OTTAWA STREET BUSINESS IMPROVEMENT AREA

Notes to Financial Statements (continued)

Year ended December 31, 2020

3. Related party transactions:

During the year, the Business Improvement Area recorded the following transactions with the City of Hamilton:

Revenue:

	2020	2019
Member levy collected on behalf of the Ottawa Street Business Improvement Area	\$ 134,205	\$ 132,643
City of Hamilton grants	36,276	62,153

The City of Hamilton has also contributed \$13,110 (2019 - \$13,174) to commercial improvement programs undertaken by the Business Improvement Area, \$16,885 (2019 - \$19,537) from parking sharing revenue program and \$6,281 (2019 - \$29,442) in other grants.

At the end of the year, the Business Improvement Area had a receivable of \$2,082 (2019 - \$nil) from the City of Hamilton for outstanding grants and member levy surplus. The Business Improvement Area had a payable of \$nil (2019 - \$361) for supplementary levies and vacancy rebates as well as a payable for the audit fees of \$420 (2019 - \$420).

4. Accumulated surplus:

Accumulated surplus consists of the following:

	2020	2019
Surplus:		
Invested in tangible capital assets	\$ 78,903	\$ 88,526
Operating	114,828	58,912
Accumulated surplus	\$ 193,731	\$ 147,438

OTTAWA STREET BUSINESS IMPROVEMENT AREA

Notes to Financial Statements (continued)

Year ended December 31, 2020

5. Commitment:

The Business Improvement Area is committed under an operating lease for the rental of office space as follow:

2021	\$	23,052
2022		23,052
2023		7,684
	\$	53,788

6. Budget data:

The budget data presented in these financial statements is based upon the 2020 budget approved by the Board on October 10, 2019. Amortization and acquisitions of tangible capital assets were not contemplated on development of the budget and, as such, were not provided on the statement of changes in net financial assets.

7. COVID-19:

In March 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization and has had a significant financial, market and social dislocating impact across the world. This has resulted in governments worldwide, including the Canadian and Ontario governments, enacting emergency measures to combat the spread of the virus.

Several measures were put in place by the Federal Government which include the implementation of travel bans, self-imposed quarantine periods and social distancing. These measures have caused material disruption to individuals, businesses and organizations globally and in Ontario resulting in an economic slowdown. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions however the success of these interventions is not currently determinable.

As at December 31, 2020, COVID-19 has caused the Business Improvement Area to cancel some events. The current challenging economic climate may lead to adverse changes in cash flows, working capital levels and/or debt balances, which may also have a direct impact on the Business Improvement Area's operating results and financial position in the future. The outcome and timeframe to a recovery from the current pandemic is undeterminable, thus it is not practicable to estimate and disclose its financial effect on future operations at this time.

Financial Statements of

**STONEY CREEK BUSINESS
IMPROVEMENT AREA**

Year ended December 31, 2020

KPMG LLP
Commerce Place
21 King Street West, Suite 700
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INDEPENDENT AUDITOR'S REPORT

To the Chairman and Members of the Board of Management of the Stoney Creek Business Improvement Area, Members of Council, Inhabitants and Ratepayers of the City of Hamilton

Opinion

We have audited the accompanying financial statements of the Stoney Creek Business Improvement Area (the "Entity"), which comprise:

- the statement of financial position as at December 31, 2020,
- the statement of operations for the year then ended,
- the statement of changes in net financial assets for the year then ended,
- the statement of cash flows for the year then ended,
- and notes, including a summary of significant accounting policies and other explanatory information.

(Hereinafter referred to as the "financial statements")

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at December 31, 2020, and its results of operations, its changes in net financial assets 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 Auditor's report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other 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 Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity'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 the 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.

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- 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 Entity'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 Entity'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 conclusion is based on the audit evidence obtained up to the date of our auditors report. However, future events or conditions may cause the Entity 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.
- 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.



Chartered Professional Accountants, Licensed Public Accountants

Hamilton, Canada
January 9, 2023

STONEY CREEK BUSINESS IMPROVEMENT AREA

Financial Statements

Year ended December 31, 2020

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STONEY CREEK BUSINESS IMPROVEMENT AREA

Statement of Financial Position

December 31, 2020, with comparative information for 2019

	2020	2019
Financial assets		
Cash	\$ 19,817	\$ 11,390
Accounts receivable	-	4,390
HST receivable	9,822	6,291
Due from the City of Hamilton (note 4)	7,958	112
	37,597	22,183
Financial liabilities		
Accounts payables and accrued liabilities	\$ 6,296	\$ 3,857
Net financial assets	31,301	18,326
Non-financial assets		
Tangible capital assets (note 2)	8,145	10,746
Prepaid expenses	1,103	934
	9,248	11,680
Accumulated surplus (note 3)	\$ 40,549	\$ 30,006

See accompanying notes to financial statements.

On behalf of the Board:

_____ Director

_____ Director

STONEY CREEK BUSINESS IMPROVEMENT AREA

Statement of Operations

Year ended December 31, 2020, with comparative information for 2019

	Budget (note 5)	2020	2019
Revenue:			
Assessment levy (note 4)	\$ 49,000	\$ 49,643	\$ 42,925
City of Hamilton grants (note 4)	–	16,347	30,923
Other revenue	13,788	4,602	15,345
Total revenue	62,788	70,592	89,193
Expenses:			
Administration	29,360	22,350	25,938
Advertising and promotion	1,000	1,154	223
Amortization	–	3,954	3,061
Audit fees	475	427	427
Beautification	9,750	7,387	3,573
Christmas decorations and Santa Claus parade	19,000	7,370	6,562
Insurance	–	1,767	1,330
Miscellaneous	–	129	361
Special events	–	15,511	35,561
Total expenses	59,585	60,049	77,036
Annual surplus	3,203	10,543	12,157
Accumulated surplus, beginning of year	30,006	30,006	17,849
Accumulated surplus, end of year (note 3)	\$ 33,209	\$ 40,549	\$ 30,006

See accompanying notes to financial statements.

STONE CREEK BUSINESS IMPROVEMENT AREA

Statement of Changes in Net Financial Assets

Year ended December 31, 2020, with comparative information for 2019

	2020	2019
Annual surplus	\$ 10,543	\$ 12,157
Amortization of tangible capital assets	3,954	3,061
Acquisition of tangible capital assets	(1,353)	(8,013)
Decrease in prepaid expenses	(169)	(401)
Change in net financial assets	12,975	6,804
Net financial assets, beginning of year	18,326	11,522
Net financial assets, end of year	\$ 31,301	\$ 18,326

See accompanying notes to financial statements.

STONEY CREEK BUSINESS IMPROVEMENT AREA

Statement of Cash Flows

Year ended December 31, 2020, with comparative information for 2019

	2020	2019
Cash provided by (used in):		
Operating activities:		
Annual surplus	\$ 10,543	\$ 12,157
Items not involving cash:		
Amortization	3,954	3,061
Change in non-cash assets and liabilities:		
Accounts receivable	4,390	(1,030)
HST receivable	(3,531)	(1,990)
Accounts payable and accruals	2,439	(1,515)
Prepaid expenses	(169)	(401)
Net change in cash from operating activities	17,626	10,282
Capital activities:		
Acquisition of tangible capital assets	(1,353)	(8,013)
Financing activities:		
Change in due from City of Hamilton	(7,846)	5,604
Net increase in cash	8,427	7,873
Cash, beginning of year	11,390	3,517
Cash, end of year	\$ 19,817	\$ 11,390

See accompanying notes to financial statements.

STONEY CREEK BUSINESS IMPROVEMENT AREA

Notes to Financial Statements

Year ended December 31, 2020

The Stoney Creek Business Improvement Area (the "Business Improvement Area") was established in 1978 by the council of the former City of Stoney Creek and has been entrusted with the improvement, beautification and maintenance of municipally owned land, buildings and structures in the improvement area, beyond such expenditure by the City of Hamilton. The Business Improvement Area is also responsible for the promotion of this improvement area for business and shopping. The Business Improvement Area is financed by a special levy charged upon businesses in the improvement area.

1. Significant accounting policies:

The financial statements of the Business Improvement Area are prepared by management in accordance with Canadian public sector accounting standards ("PSAS"). Significant accounting policies adopted by the Business Improvement Area are as follows:

(a) Basis of accounting:

The Business Improvement Area follows the accrual method of accounting for revenues and expenses. Revenues are normally recognized in the year in which they are earned and measurable. Expenses are recognized as they are incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation to pay.

(b) Cash and cash equivalents:

Cash and cash equivalents include cash on hand and balances with banks, and highly liquid temporary money market instruments with original maturities of three months or less.

(c) Government transfers:

Government transfers received relate to the assessment levy and operating grants. Government transfers are recognized in the financial statements as revenues when the transfer is authorized, any eligibility criteria are met and a reasonable estimate of the amounts can be made except when, and to the extent that, stipulations by the transferors give rise to an obligation that meet the definition of a liability. Government transfers that meet the definition of a liability are recognized as revenue as the liability is extinguished.

STONEY CREEK BUSINESS IMPROVEMENT AREA

Notes to Financial Statements (continued)

Year ended December 31, 2020

1. Significant accounting policies (continued):

(d) Non-financial assets:

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations.

(i) Tangible capital assets:

Tangible capital assets are recorded at cost which includes amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value, of the tangible capital assets are amortized on a straight line basis over their estimated useful lives as follows:

Asset	Useful life - years
Decorations	5

(e) Other income:

Other income is reported as revenue in the period earned.

(f) Use of estimates:

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. Significant estimates include provisions for accruals. Actual results could differ from those estimates.

(g) Related party transactions:

Transactions with related parties are measured at the carrying amount.

STONEY CREEK BUSINESS IMPROVEMENT AREA

Notes to Financial Statements (continued)

Year ended December 31, 2020

2. Tangible capital assets:

Cost	Balance at December 31, 2019	Additions	Disposals	Balance at December 31, 2020
Decorations	\$ 33,645	\$ 1,353	\$ -	\$ 34,998

Accumulated amortization	Balance at December 31, 2019	Disposals	Amortization expense	Balance at December 31, 2020
Decorations	\$ 22,899	\$ -	\$ 3,954	\$ 26,853

Net book value	December 31, 2020	December 31, 2019
Decorations	\$ 8,145	\$ 10,746

(a) Contributed tangible capital assets:

The Business Improvement Area received no contributed tangible capital assets in 2020 or 2019.

(b) Tangible capital assets disclosed at nominal values:

There are no tangible capital assets recognized at a nominal value.

(c) Write-down of tangible capital assets:

The Business Improvement Area has not recorded write-downs of tangible capital assets during the year.

STONEY CREEK BUSINESS IMPROVEMENT AREA

Notes to Financial Statements (continued)

Year ended December 31, 2020

3. Accumulated surplus:

Accumulated surplus consists of the following:

	2020	2019
Surplus:		
Invested in tangible capital assets	\$ 1,353	\$ 8,013
Reserves set aside by the Board	2,000	2,000
Operating	37,196	19,993
Accumulated surplus	\$ 40,549	\$ 30,006

The reserve is designated by the Board for the future purchase of beautification items. The change in the reserve fund balance is as follows:

	2020	2019
Fund balance, beginning of year	\$ 2,000	\$ 2,000
Transfers to / (from) reserves	-	-
Fund balance, end of year	\$ 2,000	\$ 2,000

4. Related party transactions:

During the year, the Business Improvement Area recorded the following transactions with the City of Hamilton:

Revenue:

	2020	2019
Member levy collected on behalf of the Business Improvement Area	\$ 49,643	\$ 42,925

The City of Hamilton has also contributed \$8,047 (2019 - \$6,722) to commercial improvement programs undertaken by the Business Improvement Area and \$8,300 (2019 - \$24,201) in other grant funding and the Business Improvement area paid \$1,414 (2019 - \$2,153) in expenses to the City of Hamilton for commercial improvements during the year. At the end of the year, other grants of \$9,347 (2019 - \$1,380 including member levy surplus) were receivable from the City of Hamilton. The Business Improvement Area has a payable of \$1,389 (2019 - \$427) for audit accruals, other expenses and member levy deficit.

STONEY CREEK BUSINESS IMPROVEMENT AREA

Notes to Financial Statements (continued)

Year ended December 31, 2020

5. Budget data:

The budget data presented in these financial statements is based upon the 2020 budget approved by the Board on October 16, 2019. Amortization and acquisition of tangible capital assets were not contemplated on development of the budget. For this reason, budget figures were not provided on the statement of changes in net financial assets.

5. COVID-19:

In March 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization and has had a significant financial, market and social dislocating impact across the world. This has resulted in governments worldwide, including the Canadian and Ontario governments, enacting emergency measures to combat the spread of the virus.

Several measures were put in place by the Federal Government which include the implementation of travel bans, self-imposed quarantine periods and social distancing. These measures have caused material disruption to individuals, businesses and organizations globally and in Ontario resulting in an economic slowdown. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions however the success of these interventions is not currently determinable.

As at December 31, 2020, COVID-19 has caused the Business Improvement Area to cancel some events. The current challenging economic climate may lead to adverse changes in cash flows, working capital levels and/or debt balances, which may also have a direct impact on the Business Improvement Area's operating results and financial position in the future. The outcome and timeframe to a recovery from the current pandemic is undeterminable, thus it is not practicable to estimate and disclose its financial effect on future operations at this time.

Financial Statements of

**WATERDOWN BUSINESS
IMPROVEMENT AREA**

Year ended December 31, 2020



KPMG LLP
Commerce Place
21 King Street West, Suite 700
Hamilton Ontario L8P 4W7
Canada
Telephone (905) 523-8200
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INDEPENDENT AUDITORS' REPORT

To the Chairman and Members of the Board of Management of the Waterdown Business Improvement Area, Members of Council, Inhabitants and Ratepayers of the Corporation of the City of Hamilton

Opinion

We have audited the accompanying financial statements of the Waterdown Business Improvement Area (the "Entity"), which comprise:

- the statement of financial position as at December 31, 2020,
- the statement of operations for the year then ended,
- the statement of changes in net financial assets for the year then ended,
- the statement of cash flows for the year then ended,
- and notes, including a summary of significant accounting policies and other explanatory information.

(Hereinafter referred to as the "financial statements")

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at December 31, 2020, and its results of operations, its changes in net financial assets 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 "Auditors' Responsibilities for the Audit of the Financial Statements" section of our auditors' report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other 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.



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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 Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

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

Auditors' 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 auditors' 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 the 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.



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- 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 Entity'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 Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusion is based on the audit evidence obtained up to the date of our auditors report. However, future events or conditions may cause the Entity 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.
- 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.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

Hamilton, Canada

October 21, 2021

WATERDOWN BUSINESS IMPROVEMENT AREA

Financial Statements

Year ended December 31, 2020

Financial Statements

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WATERDOWN BUSINESS IMPROVEMENT AREA

Statement of Financial Position

December 31, 2020, with comparative information for 2019

	2020	2019
Financial assets		
Cash	\$ 100,280	\$ 109,528
Investments (note 4)	63,640	72,464
HST receivable	15,556	13,659
	<u>179,476</u>	<u>195,651</u>
Financial liabilities		
Accounts payable and accrued liabilities	10,544	11,342
Due to City of Hamilton (note 3)	993	9,006
	<u>11,537</u>	<u>20,348</u>
Net financial assets	167,939	175,303
Non-financial assets		
Tangible capital assets (note 2)	42,136	64,003
Prepaid expenses	3,504	5,785
	<u>45,640</u>	<u>69,788</u>
Commitments (note 6)		
COVID-19 (note 8)		
Accumulated surplus (note 5)	\$ 213,579	\$ 245,091

See accompanying notes to financial statements.

On behalf of the Board:

_____ Director

_____ Director

WATERDOWN BUSINESS IMPROVEMENT AREA

Statement of Operations

Year ended December 31, 2020, with comparative information for 2019

	Budget (note 7)	2020	2019
Revenues:			
Assessment levy (note 3)	\$ 250,000	\$ 248,135	\$ 240,222
City of Hamilton grants (note 3)	6,500	10,810	26,644
Federal grant – summer jobs	-	3,920	-
Other income	78,515	2,426	29,803
Total revenue	335,015	265,291	296,669
Expenses:			
Advertising and promotion	32,430	22,083	22,346
Amortization	-	21,867	24,068
Christmas tree of hope	-	2,630	5,113
Festival and parades	55,300	35,583	38,843
Insurance	5,700	5,002	6,095
Wages and benefits	87,500	89,363	86,890
Memberships, conferences, and seminars	5,350	1,975	2,070
Office and general expenses	16,500	10,683	12,486
Professional fees	2,800	1,977	4,460
Rent	30,400	32,013	32,204
Streetscaping and decorations	99,035	73,627	75,870
Donations	-	-	1,450
Total expenses	335,015	296,803	311,895
Annual deficit	-	(31,512)	(15,226)
Accumulated surplus, beginning of year	245,091	245,091	260,317
Accumulated surplus, end of year	\$ 245,091	\$ 213,579	\$ 245,091

See accompanying notes to financial statements.

WATERDOWN BUSINESS IMPROVEMENT AREA

Statement of Changes in Net Financial Assets

Year ended December 31, 2020, with comparative information for 2019

	2020	2019
Annual deficit	\$ (31,512)	\$ (15,226)
Acquisition of tangible capital assets	-	(9,484)
Amortization of tangible capital assets	21,867	24,068
Decrease in prepaid expenses	2,281	5,977
Change in net financial assets	(7,364)	5,335
Net financial assets, beginning of year	175,303	169,968
Net financial assets, end of year	\$ 167,939	\$ 175,303

See accompanying notes to financial statements.

WATERDOWN BUSINESS IMPROVEMENT AREA

Statement of Cash Flows

Year ended December 31, 2020, with comparative information for 2019

	2020	2019
Cash provided by (used in):		
Operating activities:		
Annual deficit	\$ (31,512)	\$ (15,226)
Items not involving cash:		
Amortization	21,867	24,068
Changes in non-cash assets and liabilities:		
HST receivable	(1,897)	2,173
Prepaid expenses	2,281	5,977
Accounts payable and accrued liabilities	(798)	3,628
Net change in cash from operating activities	(10,059)	20,620
Capital activities:		
Cash used to acquire tangible capital assets	-	(9,484)
Investing activities:		
Disposal of investments	8,824	8,494
Financing activities:		
Change in due to City of Hamilton	(8,013)	6,475
Net (decrease) increase in cash	(9,248)	26,105
Cash, beginning of year	109,528	83,423
Cash, end of year	\$ 100,280	\$ 109,528

See accompanying notes to financial statements.

WATERDOWN BUSINESS IMPROVEMENT AREA

Notes to Financial Statements

Year ended December 31, 2020

The Waterdown Business Improvement Area ("Business Improvement Area") was established in 1985 by the Council of the former Town of Flamborough and has been entrusted with the improvement, beautification and maintenance of the municipally owned land, buildings and structures in the improvement area, beyond such expenditure by the Municipality. The Business Improvement Area is also responsible for the promotion of this improvement area for business and shopping. The Business Improvement Area is financed by a special levy charged upon businesses in the improvement area.

1. Significant accounting policies:

The financial statements of the Business Improvement Area are prepared by management in accordance with Canadian public sector accounting standards ("PSAS") as recommended by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada. Significant accounting policies adopted by the Business Improvement Area are as follows:

(a) Basis of accounting:

The Business Improvement Area follows the accrual method of accounting for revenues and expenses. Revenues are normally recognized in the year in which they are earned and measurable. Expenses are recognized as they are incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation to pay.

(b) Government transfers:

Government transfers received relate to the assessment levy and operating grants. Government transfers are recognized in the financial statements as revenues when the transfer is authorized, any eligibility criteria are met and a reasonable estimate of the amounts can be made except when, and to the extent that, stipulations by the transferors give rise to an obligation that meet the definition of a liability. Government transfers that meet the definition of a liability are recognized as revenue as the liability is extinguished.

(c) Other income:

Other income is reported as revenue in the period earned.

(d) Investments:

Investments consist of guaranteed investment certificates and are recorded at amortized cost. When there has been a loss in value that is other than a temporary decline in value, the respective investment is written down to recognize the loss. Discounts and premiums arising on the purchase of these investments are amortized over the term of the investments.

WATERDOWN BUSINESS IMPROVEMENT AREA

Notes to Financial Statements (continued)

Year ended December 31, 2020

1. Significant accounting policies (continued):

(e) Non-financial assets:

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations.

(i) Tangible capital assets:

Tangible capital assets are recorded at cost which includes amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value, of the tangible capital assets are amortized on a straight line basis over their estimated useful lives with one-half year taken in the year of acquisition as follows:

Asset	Useful life - years
Furniture and equipment	10
Leasehold improvements	5
Gateway signs	5
Computer equipment	3
Banners	3

(f) Use of estimates:

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. Actual results could differ from those estimates.

(g) Related party transactions:

Transactions with related parties are measured at the exchange amount.

WATERDOWN BUSINESS IMPROVEMENT AREA

Notes to Financial Statements (continued)

Year ended December 31, 2020

2. Tangible capital assets:

Cost	Balance at December 31, 2019	Additions	Disposals	Balance at December 31, 2020
Furniture and equipment	\$ 121,309	\$ -	\$ -	\$ 121,309
Leasehold improvements	20,739	-	-	20,739
Computer equipment	5,139	-	-	5,139
Banners	15,142	-	-	15,142
Gateway signs	11,429	-	-	11,429
Total	173,758	-	-	173,758

Accumulated amortization	Balance at December 31, 2019	Disposals	Amortization expense	Balance at December 31, 2020
Furniture and equipment	\$ 76,497	\$ -	\$ 12,131	\$ 88,628
Leasehold improvements	20,048	-	691	20,739
Computer equipment	3,113	-	1,713	4,826
Banners	6,668	-	5,046	11,714
Gateway signs	3,429	-	2,286	5,715
Total	109,755	-	21,867	131,622

Net book value	December 31, 2019	December 31, 2020
Furniture and equipment	\$ 44,812	\$ 32,681
Leasehold improvements	691	-
Computer equipment	2,026	313
Banners	8,474	3,428
Gateway signs	8,000	5,714
Total	64,003	42,136

(a) Contributed tangible capital assets:

The Business Improvement Area received no contributed tangible capital assets in 2020 or 2019.

(b) Tangible capital assets disclosed at nominal values:

There are no tangible capital assets recognized at a nominal value.

WATERDOWN BUSINESS IMPROVEMENT AREA

Notes to Financial Statements (continued)

Year ended December 31, 2020

2. Tangible capital assets (continued):

(c) Write-down of tangible capital assets:

The Business Improvement Area has not recorded write-downs of tangible capital assets during the year or 2019.

3. Related party transactions:

(a) City of Hamilton:

During the year, the Business Improvement Area recorded the following transactions with the City of Hamilton:

	2020	2019
Revenue:		
Member levy collected on behalf of the Business Improvement Area	\$ 248,135	\$ 240,222
City of Hamilton grants	10,810	26,644

The City of Hamilton has also contributed \$5,510 (2019 - \$5,444) to commercial improvement programs undertaken by the Business Improvement Area and \$5,300 (2019 - \$21,200) in other grants.

At the end of the year, the Business Improvement Area had a payable to the City of Hamilton of \$1,866 (2019 - \$9,779) for the deficit of the member levy collected by the City of Hamilton as well as \$427 (2019 - \$427) for the annual audit accrual net of \$1,300 (\$2019 - \$1,200) receivable for the annual Christmas grant.

(b) Board of Directors:

During the year, the Business Improvement Area recorded the following transactions with businesses of members of the Board of Directors:

	2020	2019
Expenses:		
Professional fees	\$ 1,550	\$ 2,025
Advertising and promotion	100	200

These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

WATERDOWN BUSINESS IMPROVEMENT AREA

Notes to Financial Statements (continued)

Year ended December 31, 2020

4. Investments:

Investments reported in the Statement of Financial Position consist of guaranteed investment certificates ("GIC") and are reported at amortized cost. The Business Improvement Area purchased the GIC in October 2020 with a maturity date in February 2021. As at December 31, 2020, cost approximated the market value of the GIC and interest income has been accrued in the amount of \$47 (2019 - \$1,506).

5. Accumulated surplus:

Accumulated surplus consists of balances as follows at December 31:

	2020	2019
Surplus:		
Invested in tangible capital assets	\$ 42,136	\$ 64,003
Operating fund	111,443	111,088
	153,579	175,091
Reserve funds set aside by Waterdown Business Improvement Area:		
Marketing and advertising	60,000	70,000
	\$ 213,579	\$ 245,091

6. Commitments:

The Business Improvement Area is committed under an operating lease for the rental of office space and farmer's market space until August 31, 2024. Future minimum lease payments under this operating lease are as follows:

2021	\$ 32,800
2022	34,000
2023	34,800
2024	23,200
	\$ 124,800

7. Budget data:

The budget data presented in these financial statements is based upon the 2020 budget approved by the Board. Amortization and acquisitions of tangible capital assets were not contemplated on development of the budget and, as such, were not provided on the statement of changes in net financial assets.

WATERDOWN BUSINESS IMPROVEMENT AREA

Notes to Financial Statements (continued)

Year ended December 31, 2020

8. COVID-19:

In March 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization and has had a significant financial, market and social dislocating impact across the world. This has resulted in governments worldwide, including the Canadian and Ontario governments, enacting emergency measures to combat the spread of the virus.

Several measures were put in place by the Federal Government which include the implementation of travel bans, self-imposed quarantine periods and social distancing. These measures have caused material disruption to individuals, businesses and organizations globally and in Ontario resulting in an economic slowdown. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions however the success of these interventions is not currently determinable.

As at December 31, 2020, COVID-19 has caused the Business Improvement Area to cancel some events and close the farmers market for the year. The current challenging economic climate may lead to adverse changes in cash flows, working capital levels and/or debt balances, which may also have a direct impact on the Business Improvement Area's operating results and financial position in the future. The outcome and timeframe to a recovery from the current pandemic is undeterminable, thus it is not practicable to estimate and disclose its financial effect on future operations at this time.

Financial Statements of

ANCASTER BUSINESS IMPROVEMENT AREA

And Independent Auditors' Report thereon

Year ended December 31, 2021



KPMG LLP
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INDEPENDENT AUDITORS' REPORT

To the Chairman and Members of the Board of Management of the Ancaster Business Improvement Area, Members of Council, Inhabitants and Ratepayers of the Corporation of the City of Hamilton

Opinion

We have audited the accompanying financial statements of the Ancaster Business Improvement Area (the "Entity"), which comprise:

- the statement of financial position as at December 31, 2021,
- the statement of operations for the year then ended,
- the statement of changes in net financial assets for the year then ended,
- the statement of cash flows for the year then ended,
- and notes, including a summary of significant accounting policies and other explanatory information.

(Hereinafter referred to as the "financial statements")

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at December 31, 2021, and its results of operations, its changes in net financial assets 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 "**Auditors' Responsibilities for the Audit of the Financial Statements**" section of our auditors' report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other 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.



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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 Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

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

Auditors' 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 auditors' 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 the 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.



Page 3

- 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 Entity'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 Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusion is based on the audit evidence obtained up to the date of our auditors report. However, future events or conditions may cause the Entity 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.
- 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.

A handwritten signature in black ink that reads 'KPMG LLP' with a horizontal line underneath.

Chartered Professional Accountants, Licensed Public Accountants

Hamilton, Canada

June 23, 2022.

ANCASTER BUSINESS IMPROVEMENT AREA

Financial Statements

Year ended December 31, 2021

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ANCASTER BUSINESS IMPROVEMENT AREA

Statement of Financial Position

December 31, 2021, with comparative information for 2020

	2021	2020
Financial assets		
Cash	\$ 105,492	\$ 116,079
HST receivable	9,324	5,613
Due from City of Hamilton (note 2)	4,210	99
	<u>119,026</u>	<u>121,791</u>
Financial liabilities		
Accounts payable and accrued liabilities	982	10,592
Net financial assets	<u>118,044</u>	<u>111,199</u>
Non-financial assets		
Tangible capital assets (note 3)	2,925	4,199
Prepaid expenses	10,266	2,600
	<u>13,191</u>	<u>6,799</u>
COVID-19 (note 7)		
Accumulated surplus (note 4)	<u>\$ 131,235</u>	<u>\$ 117,998</u>

See accompanying notes to financial statements.

On behalf of the Board:

_____ Director

_____ Director

ANCASTER BUSINESS IMPROVEMENT AREA

Statement of Operations

Year ended December 31, 2021, with comparative information for 2020

	Budget (note 5)	2021	2020
Revenues:			
Assessment levy (note 2)	\$ 98,000	\$ 98,764	\$ 97,227
City of Hamilton grants (note 2)	–	22,210	16,334
Government of Canada grants (note 6)	–	7,965	6,757
Farmer's Market income (note 2)	–	24,395	23,037
Other income	–	4,734	6,357
Total revenues	98,000	158,068	149,712
Expenses:			
Advertising and promotion	44,000	44,294	47,544
Amortization	–	1,274	1,035
Ancaster Farmer's Market	–	25,435	26,494
Bank charges and interest	–	310	336
Beautification	9,000	16,426	13,084
Business taxes	–	238	229
Donations	–	1,000	–
Insurance	–	2,294	2,169
Office expenses	–	671	291
Professional fees	–	854	427
Salaries	40,000	52,035	51,136
Miscellaneous	5,000	–	–
Total expenses	98,000	144,831	142,745
Annual surplus	–	13,237	6,967
Accumulated surplus, beginning of year	117,988	117,998	111,031
Accumulated surplus, end of year	\$ 117,988	\$ 131,235	\$ 117,998

See accompanying notes to financial statements.

ANCASTER BUSINESS IMPROVEMENT AREA

Statement of Changes in Net Financial Assets

Year ended December 31, 2021, with comparative information for 2020

	2021	2020
Annual surplus	\$ 13,237	\$ 6,967
Acquisition of tangible capital	-	(2,400)
Amortization of tangible capital assets	1,274	1,035
Increase in prepaid expenses	(7,666)	(779)
Change in net financial assets	6,845	4,823
Net financial assets, beginning of year	111,199	106,376
Net financial assets, end of year	\$ 118,044	\$ 111,199

See accompanying notes to financial statements.

ANCASTER BUSINESS IMPROVEMENT AREA

Statement of Cash Flows

Year ended December 31, 2021, with comparative information for 2020

	2021	2020
Cash provided by (used in):		
Operating activities:		
Annual surplus	\$ 13,237	\$ 6,967
Items not involving cash:		
Amortization	1,274	1,035
Changes in non-cash operating working capital:		
Prepaid expenses	(7,666)	(779)
HST receivable	(3,711)	2,099
Accounts payable and accrued liabilities	(9,610)	1,305
Net change in cash from operating activities	(6,476)	10,627
Financing activities:		
Change in due from City of Hamilton	(4,111)	4,235
Cash used to acquire tangible capital assets	-	(2,400)
	(4,111)	1,835
Change in cash	(10,587)	12,462
Cash, beginning of year	116,079	103,617
Cash, end of year	\$ 105,492	\$ 116,079

See accompanying notes to financial statements.

ANCASTER BUSINESS IMPROVEMENT AREA

Notes to Financial Statements

Year ended December 31, 2021

The Ancaster Business Improvement Area (the "Business Improvement Area") was established in 2009 in accordance with Section 220 of the Municipal Act, (R.S.O. 1990) for the purpose of providing improvement, beautification and maintenance of municipally owned land, buildings and structures in the area and the promotion of Ancaster Village as a business and shopping area. The Business Improvement Area is financed by a special levy charged upon businesses in the improvement area.

1. Significant accounting policies:

The financial statements of the Business Improvement Area are prepared by management in accordance with Canadian public sector accounting standards ("PSAS") as recommended by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada. Significant accounting policies adopted by the Business Improvement Area are as follows:

(a) Basis of accounting:

The Business Improvement Area follows the accrual method of accounting for revenues and expenses. Revenues are normally recognized in the year in which they are earned and measurable. Expenses are recognized as they are incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation to pay.

(b) Cash and cash equivalents:

Cash and cash equivalents include cash on hand and balances with banks, and highly liquid temporary money market instruments with original maturities of three months or less.

(c) Government transfers:

Government transfers received relate to the assessment levy and operating grants. Government transfers are recognized in the financial statements as revenues when the transfer is authorized, any eligibility criteria are met and a reasonable estimate of the amounts can be made except when, and to the extent that, stipulations by the transferors give rise to an obligation that meet the definition of a liability. Government transfers that meet the definition of a liability are recognized as revenue as the liability is extinguished. Government transfers paid are recognized when the transfer has been authorized and any eligibility criteria are met.

(d) Other income:

Other income is reported as revenue in the period earned.

ANCASTER BUSINESS IMPROVEMENT AREA

Notes to Financial Statements (continued)

Year ended December 31, 2021

1. Significant accounting policies (continued):

(e) Non-financial assets:

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations.

(i) Tangible capital assets:

Tangible capital assets are recorded at cost which includes amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value, of the tangible capital assets are amortized on a straight line basis over their estimated useful lives as follows:

Asset	Useful life - years
Decorations	5
Computers	5
Furniture	10

(f) Use of estimates:

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. Actual results could differ from those estimates.

(g) Related party transactions:

Transactions with related parties are measured at the carrying amount.

ANCASTER BUSINESS IMPROVEMENT AREA

Notes to Financial Statements (continued)

Year ended December 31, 2021

2. Related party transactions:

During the year, the Business Improvement Area recorded the following transactions with the City of Hamilton:

	2021	2020
Revenue:		
Member levy collected on behalf of the Business Improvement Area	\$ 98,764	\$ 97,227
Expenses:		
Beautification	6,601	5,892

The City of Hamilton has also contributed \$5,626 (2020 - \$5,550) to commercial improvement programs undertaken by the Business Improvement Area, \$5,283 (2020 - \$5,283) from parking revenue sharing program, and \$11,301 (2020 - \$5,501) in other miscellaneous grants. An additional grant received of \$3,000 (2020 - \$3,000) for the Farmer's Market has been recorded as part of Farmer's Market income.

At the end of the year, grants and supplemental member levies of \$4,300 (2020 - \$1,300) was receivable from the City of Hamilton and \$764 surplus (2020 - \$774 payable due to cash received in excess) of member levy. The amount recorded in due from the City of Hamilton also includes a payable to the City of Hamilton of \$854 (2020 - \$427) for expenses paid by the City of Hamilton on behalf of the Business Improvement Area.

ANCASTER BUSINESS IMPROVEMENT AREA

Notes to Financial Statements (continued)

Year ended December 31, 2021

3. Tangible capital assets:

Cost	Balance at December 31, 2020	Additions	Disposals	Balance at December 31, 2021
Decorations	\$ 16,045	\$ -	\$ 16,045	\$ -
Computers	2,993	-	-	2,993
Furniture	7,945	-	-	7,945
Total	\$ 26,983	\$ -	\$ 16,045	\$ 10,938

Accumulated amortization	Balance at December 31, 2020	Disposals	Amortization expense	Balance at December 31, 2021
Decorations	\$ 16,045	\$ 16,045	\$ -	\$ -
Computers	833	-	480	1,313
Furniture	5,906	-	794	6,700
Total	\$ 22,784	\$ 16,045	\$ 1,274	\$ 8,013

Net book value	December 31, 2020	December 31, 2021
Decorations	\$ -	\$ -
Computers	2,160	1,680
Furniture	2,039	1,245
Total	\$ 4,199	\$ 2,925

(a) Contributed tangible capital assets:

The Business Improvement Area received \$nil (2020 - \$nil) in contributed tangible capital assets.

(b) Tangible capital assets disclosed at nominal values:

There are no tangible capital assets recognized at a nominal value.

ANCASTER BUSINESS IMPROVEMENT AREA

Notes to Financial Statements (continued)

Year ended December 31, 2021

4. Accumulated surplus:

Accumulated surplus consists of the following:

	2021	2020
Surplus:		
Invested in tangible capital assets	\$ 2,925	\$ 4,199
Operating	128,310	113,799
	\$ 131,235	\$ 117,998

5. Budget data:

The budget data presented in these financial statements is based upon the 2021 budget approved by the Board on September 21, 2020. Amortization and acquisitions of tangible capital assets were not contemplated on development of the budget and, as such, has not been included. For this reason, budget figures were not provided on the statement of changes in net financial assets.

6. Government of Canada grants:

Included in Government of Canada grants are \$7,965 (2020 - \$6,757) provided under the Canada summer student jobs grant.

7. COVID-19:

In March 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization and has had a significant financial, market and social dislocating impact across the world. This has resulted in governments worldwide, including the Canadian and Ontario governments, enacting emergency measures to combat the spread of the virus.

Several measures were put in place by the Federal Government which include the implementation of travel bans, self-imposed quarantine periods and social distancing. These measures have caused material disruption to individuals, businesses and organizations globally and in Ontario resulting in an economic slowdown. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions however the success of these interventions is not currently determinable.

As at December 31, 2021, COVID-19 impacted Farmer's Market Income.

Financial Statements of

**CONCESSION STREET
BUSINESS IMPROVEMENT AREA**

And Independent Auditors' Report thereon

Year ended December 31, 2021



KPMG LLP
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INDEPENDENT AUDITORS' REPORT

To the Chairman and Members of the Board of Management of the Concession Street Business Improvement Area, Members of Council, Inhabitants and Ratepayers of the Corporation of the City of Hamilton

Opinion

We have audited the accompanying financial statements of the Concession Street Business Improvement Area (the "Entity"), which comprise:

- the statement of financial position as at December 31, 2021
- the statement of operations for the year then ended
- the statement of changes in net financial assets for the year then ended
- the statement of cash flows for the year then ended
- and notes, including a summary of significant accounting policies and other explanatory information.

(Hereinafter referred to as the "financial statements")

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at December 31, 2021, and its results of operations, its changes in net financial assets 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 "***Auditors' Responsibilities for the Audit of the Financial Statements***" section of our auditors' report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other 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.



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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 Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

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

Auditors' 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 auditors' 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 the 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.



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- 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 Entity'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 Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusion is based on the audit evidence obtained up to the date of our auditors report. However, future events or conditions may cause the Entity 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.
- 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.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

Hamilton, Canada

July 18, 2022

CONCESSION STREET BUSINESS IMPROVEMENT AREA

Financial Statements

Year ended December 31, 2021

Financial Statements

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CONCESSION STREET BUSINESS IMPROVEMENT AREA

Statement of Financial Position

December 31, 2021, with comparative information for 2020

	2021	2020
Financial assets		
Cash	\$ 107,642	\$ 48,812
Due from City of Hamilton (note 4)	–	13,845
HST receivable	9,902	14,825
Investments	–	50,000
	<u>117,544</u>	<u>127,482</u>
Financial liabilities		
Accounts payable and accrued liabilities	15,547	14,872
Deferred revenue	2,370	2,170
Due to City of Hamilton (note 4)	2,990	–
Net financial assets	96,637	110,440
Non-financial assets		
Tangible capital assets (note 2)	1,862	6,148
Prepaid expenses	5,941	1,077
	<u>7,803</u>	<u>7,225</u>
Commitment (note 6)		
COVID-19 (note 7)		
Accumulated surplus (note 3)	\$ 104,440	\$ 117,665

See accompanying notes to financial statements.

On behalf of the Board:

_____ Director

_____ Director

CONCESSION STREET BUSINESS IMPROVEMENT AREA

Statement of Operations

Year ended December 31, 2021, with comparative information for 2020

	Budget (note 5)	2021	2020
Revenue:			
Assessment levy (note 4)	\$ 115,499	\$ 115,410	\$ 115,499
City of Hamilton grants (note 4)	–	40,615	44,854
Other income	–	2,700	1,669
Total revenue	115,499	158,725	162,022
Expenses:			
Salaries and wages	47,537	48,524	46,627
General beautification and improvements (note 4)	13,700	34,355	18,600
Advertising and promotion	10,000	27,919	29,050
Festivals	25,474	27,227	16,240
Rent	7,788	8,976	6,238
Office and general	3,400	8,259	19,604
Professional fees	1,300	4,965	1,607
Insurance	5,100	4,834	4,017
Miscellaneous	–	3,088	718
Amortization	–	1,907	2,754
Revitalization	–	1,715	12,100
Interest and bank charges	–	138	149
Contract services	–	43	14,007
Repairs and maintenance	–	–	124
Utilities	1,200	–	1,131
Total expenses	115,499	171,950	172,966
Annual deficit	–	(13,225)	(10,944)
Accumulated surplus, beginning of year	117,665	117,665	128,609
Accumulated surplus, end of year	\$ 117,665	\$ 104,440	\$ 117,665

See accompanying notes to financial statements.

CONCESSION STREET BUSINESS IMPROVEMENT AREA

Statement of Changes in Net Financial Assets

Year ended December 31, 2021, with comparative information for 2020

	2021	2020
Annual deficit	\$ (13,225)	\$ (10,944)
Acquisition of tangible capital assets	(1,068)	(5,366)
Disposal of tangible capital assets	3,447	-
Amortization of tangible capital assets	1,907	2,754
Increase in prepaid expenses	(4,864)	-
Change in net financial assets	(13,803)	(13,556)
Net financial assets, beginning of year	110,440	123,996
Net financial assets, end of year	\$ 96,637	\$ 110,440

See accompanying notes to financial statements.

CONCESSION STREET BUSINESS IMPROVEMENT AREA

Statement of Cash Flows

Year ended December 31, 2021, with comparative information for 2020

	2021	2020
Cash provided by (used in):		
Operating activities:		
Annual deficit	\$ (13,225)	\$ (10,944)
Items not involving cash:		
Amortization	1,907	2,754
Disposal of tangible capital assets	3,447	-
Changes in non-cash assets and liabilities:		
HST receivable	4,923	(7,092)
Accounts payable and accrued liabilities	675	11,627
Deferred revenue	200	2,170
Prepaid expenses	(4,864)	-
Net change in cash from operating activities	(6,937)	(1,485)
Capital activities:		
Cash used to acquire tangible capital assets	(1,068)	(5,366)
Financing activities:		
Change in due to (from) City of Hamilton	16,835	(12,911)
Decrease in investments	50,000	40,000
	66,835	27,089
Net increase in cash	58,830	20,238
Cash, beginning of year	48,812	28,574
Cash, end of year	\$ 107,642	\$ 48,812

See accompanying notes to financial statements.

CONCESSION STREET BUSINESS IMPROVEMENT AREA

Notes to Financial Statements

Year ended December 31, 2021

The Concession Street Business Improvement Area (the "Business Improvement Area") was established in 1983 by the Council of the City of Hamilton and has been entrusted with the improvements, beautification and maintenance of municipally owned land, buildings and structures in the improvement area, beyond such expenditure by the Municipality. The Business Improvement Area is also responsible for the promotion of this improvement area for business and shopping. The Business Improvement Area is financed by a special levy charged upon businesses in the improvement area.

1. Significant accounting policies:

The financial statements of the Business Improvement Area are prepared by management in accordance with Canadian public sector accounting standards ("PSAS") as recommended by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada. Significant accounting policies adopted by the Business Improvement Area are as follows:

(a) Basis of accounting:

The Business Improvement Area follows the accrual method of accounting for revenues and expenses. Revenues are normally recognized in the year in which they are earned and measurable. Expenses are recognized as they are incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation to pay.

(b) Cash and cash equivalents:

Cash and cash equivalents include cash on hand and balances with banks.

(c) Government transfers:

Government transfers received relate to the assessment levy and operating grants. Government transfers are recognized in the financial statements as revenues when the transfer is authorized, any eligibility criteria are met and a reasonable estimate of the amounts can be made except when, and to the extent that, stipulations by the transferors give rise to an obligation that meet the definition of a liability. Government transfers that meet the definition of a liability are recognized as revenue as the liability is extinguished.

(d) Investments:

Investments consist of guaranteed investment certificates and are recorded at cost. When there has been a loss in value that is other than a temporary decline in value, the investment is written down to recognize the loss.

CONCESSION STREET BUSINESS IMPROVEMENT AREA

Notes to Financial Statements (continued)

Year ended December 31, 2021

1. Significant accounting policies (continued):

(e) Other income:

Other income is reported as revenue in the period earned.

(f) Non-financial assets:

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations.

(i) Tangible capital assets:

Tangible capital assets are recorded at cost which includes amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value, of the tangible capital assets are amortized on a straight line basis over their estimated useful lives as follows:

Asset	Useful life - years
Computer hardware	5
Furniture and equipment	10
Revitalization	5
Banners	2

(g) Use of estimates:

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. Actual results could differ from those estimates.

(h) Related party transactions:

Transactions with related parties are measured at the carrying amount.

CONCESSION STREET BUSINESS IMPROVEMENT AREA

Notes to Financial Statements (continued)

Year ended December 31, 2021

2. Tangible capital assets:

Cost	Balance at December 31, 2020	Additions	Disposals	Balance at December 31, 2021
Computer hardware	\$ 3,235	\$ 1,068	\$ 3,235	\$ 1,068
Furniture and equipment	8,930	—	8,930	—
Revitalization	2,450	—	2,450	—
Banners	3,601	—	—	3,601
Total	\$ 18,216	\$ 1,068	\$ 14,615	\$ 4,669

Accumulated amortization	Balance at December 31, 2020	Disposals	Amortization expense	Balance at December 31, 2021
Computer hardware	\$ 1,846	\$ 1,846	\$ 107	\$ 107
Furniture and equipment	8,587	8,587	—	—
Revitalization	735	735	—	—
Banners	900	—	1,800	2,700
Total	\$ 12,068	\$ 11,168	\$ 1,907	\$ 2,807

Net book value	December 31, 2020	December 31, 2021
Computer hardware	\$ 1,389	\$ 961
Furniture and equipment	343	—
Revitalization	1,715	—
Banners	2,701	901
Total	\$ 6,148	\$ 1,862

CONCESSION STREET BUSINESS IMPROVEMENT AREA

Notes to Financial Statements (continued)

Year ended December 31, 2021

2. Tangible capital assets (continued):

(a) Contributed tangible capital assets:

The Business Improvement Area received no contributed tangible capital assets in 2021 or 2020.

(b) Tangible capital assets disclosed at nominal values:

There are no tangible capital assets recognized at a nominal value.

(c) Write-down of tangible capital assets:

The Business Improvement Area wrote down \$3,447 in tangible capital assets during the year.

3. Accumulated surplus:

Accumulated surplus consists of the following:

	2021	2020
Surplus:		
Invested in tangible capital assets	\$ 1,862	\$ 6,148
Operating	102,578	111,517
Accumulated surplus	\$ 104,440	\$117,665

4. Related party transactions:

During the year, the Business Improvement Area recorded the following transactions with the City of Hamilton:

	2021	2020
Revenue:		
Member levy collected on behalf of the Business Improvement Area	\$ 115,410	\$115,499
Grants	40,615	44,854
Expenses:		
General beautification and improvements	19,863	13,282

CONCESSION STREET BUSINESS IMPROVEMENT AREA

Notes to Financial Statements (continued)

Year ended December 31, 2021

4. Related party transactions (continued):

The City of Hamilton has also contributed \$8,071 (2020 - \$7,915) to commercial improvement programs undertaken by the Business Improvement Area, \$14,272 (2020 - \$30,703) from parking revenue sharing program, \$1,300 (2020 - \$nil) for the annual Christmas grant and \$16,972 (2020 - \$6,236) in other grants. At the end of the year, there was \$3,347 (2020 - \$nil) owing to the City of Hamilton for general beautification expenses, \$854 (2020 - \$427) owing for annual audit expenses and \$89 (2020 - \$nil) owing for the cash received in excess of member levy collected by the City, net of \$1,300 (2020 - \$14,272) in grants owing from the City of Hamilton.

5. Budget data:

The budget data presented in these financial statements is based upon the 2021 budget approved by the Board. Amortization and acquisitions of tangible capital assets were not contemplated on development of the budget and, as such, were not provided on the statement of changes in net financial assets. The total approved budget for the Business Improvement Area was \$222,771 of which \$107,272 was budgeted reserve transfers and therefore not presented on the statement of operations. Budgeted expenditures for items determined to be capital in nature were excluded from presentation in the statement of operations.

6. Commitment:

The Business Improvement Area is committed to minimum annual lease payments under an operating lease for its office space until 2023 as follows:

2022	\$	7,060
2023		2,372
		\$ 9,432

CONCESSION STREET BUSINESS IMPROVEMENT AREA

Notes to Financial Statements (continued)

Year ended December 31, 2021

7. COVID-19:

In March 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization and has had a significant financial, market and social dislocating impact across the world. This has resulted in governments worldwide, including the Canadian and Ontario governments, enacting emergency measures to combat the spread of the virus.

Several measures were put in place by the Federal Government which include the implementation of travel bans, self-imposed quarantine periods and social distancing. These measures have caused material disruption to individuals, businesses and organizations globally and in Ontario resulting in an economic slowdown. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions however the success of these interventions is not currently determinable.

As at December 31, 2021, COVID-19 has caused the Business Improvement Area to cancel some events. The current challenging economic climate may lead to adverse changes in cash flows, working capital levels and/or debt balances, which may also have a direct impact on the Business Improvement Area's operating results and financial position in the future. The outcome and timeframe to a recovery from the current pandemic is undeterminable, thus it is not practicable to estimate and disclose its financial effect on future operations at this time.

Financial Statements of

**DOWNTOWN HAMILTON
BUSINESS IMPROVEMENT AREA**

Year ended December 31, 2021



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INDEPENDENT AUDITORS' REPORT

To the Chairman and Members of the Board of Management of the Downtown Hamilton Business Improvement Area, Members of Council, Inhabitants and Ratepayers of the Corporation of the City of Hamilton

Opinion

We have audited the accompanying financial statements of the Downtown Hamilton Business Improvement Area (the "Entity"), which comprise:

- the statement of financial position as at December 31, 2021,
- the statement of operations for the year then ended,
- the statement of changes in net financial assets for the year then ended,
- the statement of cash flows for the year then ended,
- and notes, including a summary of significant accounting policies and other explanatory information.

(Hereinafter referred to as the "financial statements")

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at December 31, 2021, and its results of operations, its changes in net financial assets 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 "Auditors' Responsibilities for the Audit of the Financial Statements" section of our auditors' report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other 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.



Page 2

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 Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

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

Auditors' 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 auditors' 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 the 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 Entity's internal control.



Page 3

- 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 Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusion is based on the audit evidence obtained up to the date of our auditors report. However, future events or conditions may cause the Entity 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.
- 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.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

Hamilton, Canada

July 5, 2022

DOWNTOWN HAMILTON BUSINESS IMPROVEMENT AREA

Financial Statements

Year ended December 31, 2021

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DOWNTOWN HAMILTON BUSINESS IMPROVEMENT AREA

Statement of Financial Position

December 31, 2021, with comparative information for 2020

	2021	2020
Financial assets		
Cash	\$ 27,769	\$ 9,520
HST receivable	29,212	23,284
Accounts receivable	–	4,654
Investments	70,083	138,930
	<u>127,064</u>	<u>176,388</u>
Financial liabilities		
Accounts payable and accrued liabilities	12,679	44,933
Due to City of Hamilton (note 5)	8,924	85
	<u>21,603</u>	<u>45,018</u>
Net financial assets	105,461	131,370
Non-financial assets		
Tangible capital assets (note 2)	30,459	27,739
Prepaid expenses	11,808	11,086
	<u>42,267</u>	<u>38,825</u>
COVID 19 (note 7)		
Accumulated surplus (note 3)	\$ 147,728	\$ 170,195

See accompanying notes to financial statements.

On behalf of the Board:

Director

Director

DOWNTOWN HAMILTON BUSINESS IMPROVEMENT AREA

Statement of Operations

Year ended December 31, 2021, with comparative information for 2020

	Budget (note 6)	2021	2020
Revenue:			
Assessment levy (note 5)	\$ 400,000	\$ 383,015	\$ 377,728
City of Hamilton grants (note 5)	–	50,777	40,511
Federal grant	–	19,404	12,847
Interest	–	1,229	2,708
Other	65,000	9,000	11,914
	465,000	463,425	445,708
Expenses:			
Administration	4,500	14,054	5,055
Amortization	12,000	8,425	15,373
Bad debt expense	–	3,175	300
Beautification	42,500	44,023	56,758
Miscellaneous	27,000	–	–
Office	55,000	65,874	66,602
Professional fees	4,000	6,841	4,226
Promotions	145,000	157,221	88,568
Salaries	175,000	186,279	206,929
	465,000	485,892	443,811
Annual surplus	–	(22,467)	1,897
Accumulated surplus, beginning of year	170,195	170,195	168,298
Accumulated surplus, end of year	\$ 170,195	\$ 147,728	\$ 170,195

See accompanying notes to financial statements.

DOWNTOWN HAMILTON BUSINESS IMPROVEMENT AREA

Statement of Changes in Net Financial Assets

Year ended December 31, 2021, with comparative information for 2020

	Budget (note 6)	2021	2020
Annual surplus	\$ -	\$ (22,467)	\$ 1,897
Acquisition of tangible capital assets	-	(11,145)	(5,248)
Amortization of tangible capital assets	12,000	8,425	15,373
Decrease in prepaid expenses	-	(722)	(5,508)
Change in net financial assets	12,000	(25,909)	6,514
Net financial assets, beginning of year	131,370	131,370	124,856
Net financial assets, end of year	\$ 119,370	\$ 105,461	\$ 131,370

See accompanying notes to financial statements.

DOWNTOWN HAMILTON BUSINESS IMPROVEMENT AREA

Statement of Cash Flows

Year ended December 31, 2021, with comparative information for 2020

	2021	2020
Cash provided by (used in)		
Operating activities:		
Annual (deficit) surplus	\$ (22,467)	\$ 1,897
Items not involving cash:		
Amortization	8,425	15,373
Accrued interest	(1,092)	(584)
Changes in non-cash financial assets and liabilities:		
HST receivable	(5,928)	6,250
Accounts receivable	4,654	(3,156)
Prepaid expenses	(722)	(5,508)
Accounts payable and accrued liabilities	(32,254)	18,834
Net change in cash from operating activities	(49,384)	33,106
Capital activities:		
Cash used to acquire tangible capital assets	(11,145)	(5,248)
Financing activities:		
Change in due to City of Hamilton	8,839	(5,141)
Change in investments	69,939	(37,086)
	78,778	(42,227)
Change in cash	18,249	(14,369)
Cash, beginning of year	9,520	23,889
Cash, end of year	\$ 27,769	\$ 9,520

See accompanying notes to financial statements.

DOWNTOWN HAMILTON BUSINESS IMPROVEMENT AREA

Notes to Financial Statements

Year ended December 31, 2021

The Downtown Hamilton Business Improvement Area (the "Business Improvement Area") was established in 1982 by the Council of the City of Hamilton and has been entrusted with the improvement, beautification and maintenance of municipality owned lands, buildings and structures in the improvement area, beyond such expenditure by the Municipality. The Business Improvement Area is also responsible for the promotion of this improvement area for business and shopping. The Business Improvement Area is financed by a special levy charged upon businesses in the improvement area.

1. Significant accounting policies:

The financial statements of the Business Improvement Area are prepared by management in accordance with Canadian public sector accounting standards ("PSAS"). Significant accounting policies adopted by the Business Improvement Area are as follows:

(a) Basis of accounting:

The Business Improvement Area follows the accrual method of accounting for revenues and expenses. Revenues are normally recognized in the year in which they are earned and measurable. Expenses are recognized as they are incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation to pay.

(b) Government transfers:

Government transfers received relate to the assessment levy and operating grants. Government transfers are recognized in the financial statements as revenues when the transfer is authorized, any eligibility criteria are met and a reasonable estimate of the amounts can be made except when, and to the extent that, stipulations by the transferors give rise to an obligation that meet the definition of a liability. Government transfers that meet the definition of a liability are recognized as revenue as the liability is extinguished.

(c) Other income:

Other income is reported as revenue in the period earned.

(d) Investments:

Investments consist of guaranteed investment certificates and are recorded at cost. When there has been a loss in value that is other than a temporary decline in value, the investment is written down to recognize the loss.

DOWNTOWN HAMILTON BUSINESS IMPROVEMENT AREA

Notes to Financial Statements (continued)

Year ended December 31, 2021

1. Significant accounting policies (continued):

(e) Non-financial assets:

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations.

(i) Tangible capital assets:

Tangible capital assets are recorded at cost which includes amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value, of the tangible capital assets are amortized on a straight line basis over their estimated useful lives as follows:

Asset	Useful life - years
Computer hardware	5
Computer software	3
Decorations	3
Furniture and equipment	10

Amortization is charged half-year in the year of acquisition.

(f) Use of estimates:

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. Actual results could differ from those estimates.

(g) Related party transactions:

Transactions with related parties are measured at the carrying amount.

DOWNTOWN HAMILTON BUSINESS IMPROVEMENT AREA

Notes to Financial Statements (continued)

Year ended December 31, 2021

2. Tangible capital assets:

Cost	Balance at December 31, 2020	Additions	Disposals	Balance at December 31, 2021
Computer hardware	\$ 6,797	\$ 4,445	\$ -	\$ 11,242
Computer software	206	-	-	206
Decorations	72,399	-	-	72,399
Furniture and equipment	87,848	6,700	-	94,548
Total	\$ 167,250	\$ 11,145	\$ -	\$ 178,395

Accumulated amortization	Balance at December 31, 2020	Disposals	Amortization expense	Balance at December 31, 2021
Computer hardware	\$ 5,121	\$ -	\$ 1,117	\$ 6,238
Computer software	206	-	-	206
Decorations	68,208	-	4,002	72,210
Furniture and equipment	65,976	-	3,306	69,282
Total	\$ 139,511	\$ -	\$ 8,425	\$ 147,936

	Net book value December 31, 2020	Net book value December 31, 2021
Computer hardware	\$ 1,676	\$ 5,004
Computer software	-	-
Decorations	4,191	189
Furniture and equipment	21,872	25,266
Total	\$ 27,739	\$ 30,459

(a) Contributed tangible capital assets:

The Business Improvement Area received no contributed tangible capital assets in 2021 or 2020.

(b) Tangible capital assets disclosed at nominal values:

There are no tangible capital assets recognized at a nominal value.

DOWNTOWN HAMILTON BUSINESS IMPROVEMENT AREA

Notes to Financial Statements (continued)

Year ended December 31, 2021

2. Tangible capital assets (continued):

(c) Write-down of tangible capital assets:

The Business Improvement Area has not written down any tangible capital assets during the year or 2021.

3. Accumulated surplus:

Accumulated surplus consists of the following:

	2020	2020
Surplus:		
Invested in tangible capital assets	\$ 30,459	\$ 27,739
Operating	117,269	142,456
	\$ 147,728	\$ 170,195

4. Commitments:

The Business Improvement Area is committed under a long-term operating lease for the rental of office space until November, 2022. Future minimum lease payments under this operating lease are as follows:

2022	\$ 16,427
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5. Related party transactions:

(a) City of Hamilton:

During the year, the Business Improvement Area recorded the following transactions with the City of Hamilton:

	2021	2020
Revenue:		
Member levy collected on behalf of the Business Improvement Area	\$ 383,015	\$ 377,728
Expenses:		
Beautification	1,324	\$ 857

DOWNTOWN HAMILTON BUSINESS IMPROVEMENT AREA

Notes to Financial Statements (continued)

Year ended December 31, 2021

5. Related party transactions (continued):

The City of Hamilton also contributed \$5,727 (2020 - \$5,639) to commercial improvement programs undertaken by the Business Improvement Area, \$11,250 (2020 - \$11,250) from parking revenue sharing program, and \$33,800 (2020 - \$23,622) in other grants. At the end of the year, the Business Improvement Area had a payable of \$16,985 (2020 - \$5,431) for the cash received in excess of the member levy collected by the City of Hamilton and \$916 (2020 - \$1,885) accrued for expenses, net of \$1,300 (2020 - \$1,300) receivable for the annual Christmas grant and \$7,677 (2020 - \$5,931) of other grants.

6. Budget data:

The budget data presented in these financial statements is based upon the 2021 budget approved by the Board on October 16, 2020.

7. COVID-19:

In March 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization and has had a significant financial, market and social dislocating impact across the world. This has resulted in governments worldwide, including the Canadian and Ontario governments, enacting emergency measures to combat the spread of the virus.

Several measures were put in place by the Federal Government which include the implementation of travel bans, self-imposed quarantine periods and social distancing. These measures have caused material disruption to individuals, businesses and organizations globally and in Ontario resulting in an economic slowdown. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions however the success of these interventions is not currently determinable.

As at December 31, 2021, COVID-19 has had a minimal impact on the Business Improvement Area.

Financial Statements of

**DUNDAS BUSINESS
IMPROVEMENT AREA**

And Independent Auditors' Report thereon

Year ended December 31, 2021



KPMG LLP
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INDEPENDENT AUDITORS' REPORT

To the Chairman and Members of the Board of Management of the Dundas Business Improvement Area, Members of Council, Inhabitants and Ratepayers of the Corporation of the City of Hamilton

Opinion

We have audited the accompanying financial statements of the Dundas Business Improvement Area (the "Entity"), which comprise:

- the statement of financial position as at December 31, 2021
- the statement of operations for the year then ended
- the statement of changes in net financial assets for the year then ended
- the statement of cash flows for the year then ended
- and notes, including a summary of significant accounting policies and other explanatory information.

(Hereinafter referred to as the "financial statements")

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at December 31, 2021, and its results of operations, its changes in net financial assets 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 "**Auditors' Responsibilities for the Audit of the Financial Statements**" section of our auditors' report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other 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.



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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 Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

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

Auditors' 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 auditors' 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 the 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.



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- 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 Entity'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 Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusion is based on the audit evidence obtained up to the date of our auditors report. However, future events or conditions may cause the Entity 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.
- 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.

A handwritten signature in black ink that reads 'KPMG LLP' with a horizontal line underneath.

Chartered Professional Accountants, Licensed Public Accountants

Hamilton, Canada

August 4, 2022

DUNDAS BUSINESS IMPROVEMENT AREA

Financial Statements

Year ended December 31, 2021

Financial Statements

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DUNDAS BUSINESS IMPROVEMENT AREA

Statement of Financial Position

December 31, 2021, with comparative information for 2020

	2021	2020
Financial assets		
Cash	\$ 79,579	\$ 70,855
Due from the City of Hamilton (note 4)	3,429	43,060
Accounts receivable	2,000	1,376
HST receivable	17,170	30,748
Investment	54,030	4,000
	<u>156,208</u>	<u>150,039</u>
Financial liabilities		
Accounts payable and accrued liabilities	47,174	26,142
Net financial assets	109,034	123,897
Non-Financial assets		
Tangible capital assets (note 2)	-	-
Commitment (note 7)		
COVID-19 (note 8)		
Accumulated surplus (note 3)	<u>\$ 109,034</u>	<u>\$ 123,897</u>

See accompanying notes to financial statements.

On behalf of the Board:

Director

Director

DUNDAS BUSINESS IMPROVEMENT AREA

Statement of Operations

Year ended December 31, 2021, with comparative information for 2020

	Budget (note 5)	2021	2020
Revenue:			
Assessment levy (note 4)	\$ 170,362	\$ 159,927	\$ 175,809
City of Hamilton grants (note 4)	–	62,391	45,876
Interest	–	104	697
Federal grant (note 6)	–	3,044	4,367
Other income	49,438	3,000	763
Total revenue	219,800	228,466	227,512
Expenses:			
Advertising and promotion	10,809	21,858	20,968
Beautification	35,691	34,862	44,390
Buskerfest expenses	25,000	–	2,516
Economic development	3,000	3,468	495
Insurance	3,850	4,071	3,700
Member services	2,100	1,025	1,522
Office and general	7,750	4,613	3,496
Other events	–	12,919	–
Professional fees	3,500	3,908	3,383
Rent	19,000	19,649	19,753
Salaries and wages	56,000	64,737	63,216
Seasonal events	60,100	72,219	33,384
Total expenses	226,800	243,329	196,823
Annual (deficit) surplus	(7,000)	(14,863)	30,689
Accumulated surplus, beginning of year	123,897	123,897	93,208
Accumulated surplus, end of year	\$ 116,897	\$ 109,034	\$ 123,897

See accompanying notes to financial statements.

DUNDAS BUSINESS IMPROVEMENT AREA

Statement of Changes in Net Financial Assets

Year ended December 31, 2021, with comparative information for 2020

	2021	2020
Annual (deficit) surplus	\$ (14,863)	\$ 30,689
Net financial assets, beginning of year	123,897	93,208
Net financial assets, end of year	\$ 109,034	\$ 123,897

See accompanying notes to financial statements.

DUNDAS BUSINESS IMPROVEMENT AREA

Statement of Cash Flows

Year ended December 31, 2021, with comparative information for 2020

	2021	2020
Cash provided by (used in):		
Operating activities:		
Annual (deficit) surplus	\$ (14,863)	\$ 30,689
Change in non-cash assets and liabilities:		
Accounts receivable	(624)	(1,376)
HST receivable	13,578	(13,135)
Accounts payable and accrued liabilities	21,032	8,632
Net change in cash from operating activities	19,123	24,810
Investing activities:		
(Purchase) disposal of investments	(50,030)	46,000
Financing activities:		
Change in due from City of Hamilton	39,631	27,427
Net increase in cash	8,724	98,237
Cash (bank indebtedness), beginning of year	70,855	(27,382)
Cash, end of year	\$ 79,579	\$ 70,855

See accompanying notes to financial statements.

DUNDAS BUSINESS IMPROVEMENT AREA

Notes to Financial Statements

Year ended December 31, 2021

The Dundas Business Improvement Area (the "Business Improvement Area") was established in 1978 by the Council of the former Town of Dundas and has been entrusted with the improvements, beautification and maintenance of municipally owned lands, buildings and structures in the improvement area, beyond such expenditures by the Municipality. The Business Improvement Area is also responsible for the promotion of this improvement area for business and shopping. The Business Improvement Area is financed by a special levy charged upon businesses in the improvement area.

1. Significant accounting policies:

The financial statements of the Business Improvement Area are prepared by management in accordance with Canadian public sector accounting standards ("PSAS"). Significant accounting policies adopted by the Business Improvement Area are as follows:

(a) Basis of accounting:

The Business Improvement Area follows the accrual method of accounting for revenues and expenses. Revenues are normally recognized in the year in which they are earned and measurable. Expenses are recognized as they are incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation to pay.

(b) Cash and cash equivalents:

Cash and cash equivalents include cash on hand and balances with banks, and highly liquid temporary money market instruments with original maturities of three months or less.

(c) Investments:

Investments consist of Guaranteed Investment Certificates and are stated at fair value. Gains and losses on investments are recorded when incurred and interest is recorded when received or receivable.

(d) Government transfers:

Government transfers received relate to the assessment levy and operating grants. Government transfers are recognized in the financial statements as revenues when the transfer is authorized, any eligibility criteria are met and a reasonable estimate of the amounts can be made except when, and to the extent that, stipulations by the transferors give rise to an obligation that meet the definition of a liability. Government transfers that meet the definition of a liability are recognized as revenue as the liability is extinguished.

(e) Other income:

Other income is reported as revenue in the period earned.

DUNDAS BUSINESS IMPROVEMENT AREA

Notes to Financial Statements (continued)

Year ended December 31, 2021

1. Significant accounting policies (continued):

(f) Non-financial assets:

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations.

(i) Tangible capital assets:

Tangible capital assets are recorded at cost which includes amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value, of the tangible capital assets are amortized on a straight line basis over their estimated useful lives as follows:

Asset	Useful life - years
Computer software	3
Computer hardware	5
Furniture and equipment	10
Decorations	5

(g) Use of estimates:

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. Actual results could differ from those estimates.

(h) Related party transactions:

Transactions with related parties are measured at the carrying amount.

DUNDAS BUSINESS IMPROVEMENT AREA

Notes to Financial Statements (continued)

Year ended December 31, 2021

2. Tangible capital assets:

Cost	Balance at December 31, 2020	Additions	Disposals	Balance at December 31, 2021
Computer software	\$ 426	\$ -	\$ -	\$ 426
Computer hardware	1,239	-	-	1,239
Furniture and equipment	15,489	-	-	15,489
Decorations	60,934	-	-	60,934
Total	\$ 78,088	\$ -	\$ -	\$ 78,088

Accumulated amortization	Balance at December 31, 2020	Disposals	Amortization expense	Balance at December 31, 2021
Computer software	\$ 426	\$ -	\$ -	\$ 426
Computer hardware	1,239	-	-	1,239
Furniture and equipment	15,489	-	-	15,489
Decorations	60,934	-	-	60,934
Total	\$ 78,088	\$ -	\$ -	\$ 78,088

Net book value	December 31, 2021	December 31, 2020
Computer software	\$ -	\$ -
Computer hardware	-	-
Furniture and equipment	-	-
Decorations	-	-
Total	\$ -	\$ -

DUNDAS BUSINESS IMPROVEMENT AREA

Notes to Financial Statements (continued)

Year ended December 31, 2021

3. Accumulated surplus:

Accumulated surplus consists of the following:

	2021	2020
Surplus:		
Operating surplus	\$ 72,076	\$ 86,939
Reserves set aside by the Board:		
Economic development reserve	24,150	24,150
Promotional development reserve	4,820	4,820
Christmas decoration and other beautification projects reserve	7,988	7,988
Total reserves	36,958	36,958
	<u>\$ 109,034</u>	<u>\$ 123,897</u>

4. Related party transactions:

City of Hamilton:

During the year, the Business Improvement Area recorded the following transactions with the City of Hamilton:

	2021	2020
Revenue:		
Member levy collected on behalf of the Business Improvement Area	\$ 159,927	\$ 175,809
Expenses:		
Advertising and promotion	389	389
Beautification	5,015	9,870
Seasonal events	-	165

The City of Hamilton has also contributed \$14,565 (2020 - \$14,952) to commercial improvement programs undertaken by the Business Improvement Area, \$24,569 (2020 - \$24,569) from parking sharing revenue program and \$23,257 (2020 - \$6,355) in other grants.

At the end of the year, the Business Improvement Area had a receivable of \$15,865 (2020 - \$45,998) from the City of Hamilton for outstanding grants and member levy surplus. The Business Improvement Area had a payable \$12,436 (2020 - \$2,938) primarily for audit fee expenses and for cash received in excess of the member levy collected by the City of Hamilton.

DUNDAS BUSINESS IMPROVEMENT AREA

Notes to Financial Statements (continued)

Year ended December 31, 2021

5. Budget data:

The budget data presented in these financial statements is based upon the 2021 budget approved by the Board on November 3, 2020. Amortization and acquisition of tangible capital assets were not contemplated on development of the budget and, as such, were not provided on the statement of changes in net financial assets. In addition, the Business Improvement Area often budgets for revenue sources not in accordance with public sector accounting standards. Total revenues budgeted in 2021 were \$226,800, of which \$7,000 relates to rebates received on eligible purchases for HST. This has been excluded from the budget presented on the statement of operations for a consistent basis of accounting.

6. Government transfers:

During the year, the Business Improvement Area received a federal grant for summer students in the amount of \$3,044 (2020 - \$ 4,367).

7. Commitment:

The Business Improvement Area is committed under an operating lease for the rental of office space until June 30, 2022. Future minimum lease payments under this operating lease are as follows:

<u>2022</u>	<u>\$</u>	<u>10,572</u>
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8. COVID-19:

In March 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization and has had a significant financial, market and social dislocating impact across the world. This has resulted in governments worldwide, including the Canadian and Ontario governments, enacting emergency measures to combat the spread of the virus.

Several measures were put in place by the Federal Government which include the implementation of travel bans, self-imposed quarantine periods and social distancing. These measures have caused material disruption to individuals, businesses and organizations globally and in Ontario resulting in an economic slowdown. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions however the success of these interventions is not currently determinable.

As at December 31, 2021, COVID-19 has caused the Business Improvement Area to cancel some events.

Financial Statements of

**INTERNATIONAL VILLAGE
BUSINESS IMPROVEMENT
AREA**

Year ended December 31, 2021



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INDEPENDENT AUDITORS' REPORT

To the Chairman and Members of the Board of Management of the International Village Business Improvement Area, Members of Council, Inhabitants and Ratepayers of the Corporation of the City of Hamilton

Opinion

We have audited the accompanying financial statements of the International Village Business Improvement Area (the "Entity"), which comprise:

- the statement of financial position as at December 31, 2021,
- the statement of operations for the year then ended,
- the statement of changes in net financial assets for the year then ended,
- the statement of cash flows for the year then ended,
- and notes, including a summary of significant accounting policies and other explanatory information.

(Hereinafter referred to as the "financial statements")

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at December 31, 2021, and its results of operations, its changes in net financial assets 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 "Auditors' Responsibilities for the Audit of the Financial Statements" section of our auditors' report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other 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.



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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 Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

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

Auditors' 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 auditors' 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 the 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 Entity's internal control.



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- 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 Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusion is based on the audit evidence obtained up to the date of our auditors report. However, future events or conditions may cause the Entity 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.
- 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.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

Hamilton, Canada

July 21, 2022

INTERNATIONAL VILLAGE BUSINESS IMPROVEMENT AREA

Financial Statements

Year ended December 31, 2021

Financial Statements

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INTERNATIONAL VILLAGE BUSINESS IMPROVEMENT AREA

Statement of Financial Position

December 31, 2021, with comparative information for 2020

	2021	2020
Financial assets		
Cash	\$ 138,418	\$ 155,895
HST receivable	10,049	14,107
	<u>148,467</u>	<u>170,002</u>
Financial liabilities		
Accounts payable and accrued liabilities	3,613	3,303
Due to City of Hamilton (note 3)	2,175	2,567
	<u>5,788</u>	<u>5,870</u>
Net financial assets	142,679	164,132
Non-financial assets		
Prepaid expenses	2,420	5,405
Tangible capital assets (note 2)	7,953	2,781
	<u>10,373</u>	<u>8,186</u>
Commitments (note 5)		
COVID-19 (note 7)		
Accumulated surplus (note 4)	<u>\$ 153,052</u>	<u>\$ 172,318</u>

See accompanying notes to financial statements.

On behalf of the Board:

_____ Director

_____ Director

INTERNATIONAL VILLAGE BUSINESS IMPROVEMENT AREA

Statement of Operations

Year ended December 31, 2021, with comparative information for 2020

	Budget (note 6)	2021	2020
Revenue:			
Assessment levy (note 3)	\$ 170,000	\$ 167,736	\$ 167,943
City of Hamilton grants (note 3)	18,000	36,074	24,657
Other	-	2,000	8,868
Total revenue	188,000	205,810	201,468
Expenses:			
Advertising and promotion	70,000	30,957	25,796
Amortization	-	2,457	2,171
Audit fees	-	600	611
Beautification and maintenance	3,500	3,370	3,472
Board expenses	2,000	560	1,154
Commercial improvement	-	7,297	-
Contingency	5,000	3,798	-
Insurance	3,900	4,592	3,904
Interest and bank charges	3,500	3,042	3,184
Main street initiative	-	-	13,184
Member events and office	10,200	9,451	7,951
Parking program expenditures	-	11,668	-
Rent	12,900	12,503	11,597
Repairs and maintenance	1,000	1,006	414
Wages – administrative and program delivery	72,000	119,935	117,692
Telephone and internet	4,000	4,491	2,731
Shop local expenditures	-	10,000	-
Reversal of accruals in excess	-	(651)	-
Total expenses	188,000	225,076	193,861
Annual (deficit) surplus	-	(19,266)	7,607
Accumulated surplus, beginning of year	172,318	172,318	164,711
Accumulated surplus, end of year	\$172,318	\$153,052	\$ 172,318

See accompanying notes to financial statements.

INTERNATIONAL VILLAGE BUSINESS IMPROVEMENT AREA

Statement of Changes in Net Financial Assets

Year ended December 31, 2021, with comparative information for 2020

	2021	2020
Annual (deficit) surplus	\$ (19,266)	\$ 7,607
Decrease (increase) in prepaid expenses	2,985	(740)
Amortization of tangible capital assets	2,457	2,171
Acquisition of tangible capital assets	(7,629)	-
Change in net financial assets	(21,453)	9,038
Net financial assets, beginning of year	164,132	155,094
Net financial assets, end of year	\$ 142,679	\$ 164,132

See accompanying notes to financial statements.

INTERNATIONAL VILLAGE BUSINESS IMPROVEMENT AREA

Statement of Cash Flows

Year ended December 31, 2021, with comparative figures for 2020

	2021	2020
Cash provided by (used in):		
Operating activities:		
Annual (deficit) surplus	\$ (19,266)	\$ 7,607
Items not involving cash:		
Amortization	2,457	2,171
Reversal of accruals in excess	(651)	-
Change in non-cash assets and liabilities:		
HST receivable	4,058	(6,364)
Prepaid expenses	2,985	(740)
Accounts payable and accrued liabilities	961	957
Net change in cash from operating activities	(9,456)	3,631
Investing activities:		
Purchase of tangible capital assets	(7,629)	-
Financing activities:		
Change in due to/from City of Hamilton	(392)	3,936
Net (decrease) increase in cash	(17,477)	7,567
Cash, beginning of year	155,895	148,328
Cash, end of year	\$ 138,418	\$ 155,895

See accompanying notes to financial statements.

INTERNATIONAL VILLAGE BUSINESS IMPROVEMENT AREA

Notes to Financial Statements

Year ended December 31, 2021

The International Village Business Improvement Area ("Business Improvement Area") was established by the Council of the City of Hamilton and has been entrusted with the improvement, beautification and maintenance of municipally owned lands, buildings and structures in the improvement area, beyond such expenditure by the Municipality. The Business Improvement Area is also responsible for the promotion of this improvement area for business and shopping. The Business Improvement Area is financed by a special levy charged upon businesses in the improvement area.

1. Significant accounting policies:

The financial statements of the Business Improvement Area are prepared by management in accordance with Canadian public sector accounting standards ("PSAS"). Significant accounting policies adopted by the Business Improvement Area are as follows:

(a) Basis of accounting:

The Business Improvement Area follows the accrual method of accounting for revenues and expenses. Revenues are normally recognized in the year in which they are earned and measurable. Expenses are recognized as they are incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation to pay.

(b) Cash and cash equivalents:

Cash and cash equivalents include cash on hand and balances with banks, and highly liquid temporary money market instruments with original maturities of three months or less.

(c) Government transfers:

Government transfers received relate to the assessment levy and operating grants. Government transfers are recognized in the financial statements as revenues when the transfer is authorized, any eligibility criteria are met and a reasonable estimate of the amounts can be made except when, and to the extent that, stipulations by the transferors give rise to an obligation that meet the definition of a liability. Government transfers that meet the definition of a liability are recognized as revenue as the liability is extinguished.

(d) Other income:

Other income is reported as revenue in the period earned.

INTERNATIONAL VILLAGE BUSINESS IMPROVEMENT AREA

Notes to Financial Statements (continued)

Year ended December 31, 2021

1. Significant accounting policies (continued):

(e) Non-financial assets:

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations.

(i) Tangible capital assets:

Tangible capital assets are recorded at cost which includes amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value, of the tangible capital assets are amortized on a straight line basis over their estimated useful lives as follows:

Asset	Useful life - years
Computer hardware	5
Furniture and equipment	10
Decorations	5

(f) Use of estimates:

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. Actual results could differ from those estimates.

(g) Related party transactions:

Transactions with related parties are measured at the exchange amount.

INTERNATIONAL VILLAGE BUSINESS IMPROVEMENT AREA

Notes to Financial Statements (continued)

Year ended December 31, 2021

2. Tangible capital assets:

Cost	Balance at December 31, 2020	Additions	Disposals	Balance at December 31, 2021
Computer hardware	\$ 3,236	\$ -	\$ -	\$ 3,236
Banners	-	7,629	-	7,629
Furniture and equipment	7,187	-	-	7,187
Decorations	18,344	-	-	18,344
Total	\$ 28,767	\$ 7,629	\$ -	\$ 36,396

Accumulated amortization	Balance at December 31, 2020	Disposals	Amortization expense	Balance at December 31, 2021
Computer hardware	\$ 3,236	\$ -	\$ -	\$ 3,236
Banners	-	-	763	763
Furniture and equipment	7,187	-	-	7,187
Decorations	15,563	-	1,694	17,257
Total	\$ 25,986	\$ -	\$ 2,457	\$ 28,443

Net book value	December 31, 2020	December 31, 2021
Computer hardware	\$ -	\$ -
Banners	-	6,866
Furniture and equipment	-	-
Decorations	2,781	1,087
Total	\$ 2,781	\$ 7,953

(a) Contributed tangible capital assets:

The Business Improvement Area received no contributed tangible capital assets in 2021 or 2020.

(b) Tangible capital assets disclosed at nominal values:

There are no tangible capital assets recognized at a nominal value.

(c) Write-down of tangible capital assets:

The Business Improvement Area has not recorded write-downs of tangible capital assets during the year or 2020.

INTERNATIONAL VILLAGE BUSINESS IMPROVEMENT AREA

Notes to Financial Statements (continued)

Year ended December 31, 2021

3. Related party transactions:

During the year, the Business Improvement Area recorded the following transactions with the City of Hamilton:

	2021	2020
Revenue:		
Member levy collected on behalf of the Business Improvement Area	\$ 167,736	\$ 167,943
Grants	36,074	24,657

The City of Hamilton contributed \$7,111 (2020 - \$6,994) to commercial improvement programs undertaken by the Business Improvement Area, \$12,363 (2020 - \$12,363) from parking revenue sharing program, \$1,300 (2020 - \$1,300) for the annual Christmas grant and \$15,300 (2020 - \$4,000) in other grants.

At the end of the year, grants of \$1,300 (2020 - \$1,300) was owing from the City of Hamilton net of \$2,265 (2020 - \$2,057) owing for the cash received in excess of member levy collected by the City and \$1,210 (2020 - \$1,810) owing for annual audit and other expenses.

4. Accumulated surplus:

Accumulated surplus consists of the following:

	2021	2020
Surplus:		
Invested in tangible capital assets	\$ 7,953	\$ 2,781
Operating	145,099	169,537
Accumulated surplus	\$ 153,052	\$172,318

INTERNATIONAL VILLAGE BUSINESS IMPROVEMENT AREA

Notes to Financial Statements (continued)

Year ended December 31, 2021

5. Commitments:

The Business Improvement Area is committed to future minimum annual lease payments under an operating lease for its office space as follows:

2022	\$	13,200
2023		6,600
	\$	19,800

6. Budget data:

The budget data presented in these financial statements is based upon the 2021 budget approved by the Board on October 14, 2020. Amortization and acquisitions of tangible capital assets were not contemplated on development of the budget and, as such, were not provided on the statement of changes in net financial assets.

7. COVID-19:

In March 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization and has had a significant financial, market and social dislocating impact across the world. This has resulted in governments worldwide, including the Canadian and Ontario governments, enacting emergency measures to combat the spread of the virus.

Several measures were put in place by the Federal Government which include the implementation of travel bans, self-imposed quarantine periods and social distancing. These measures have caused material disruption to individuals, businesses and organizations globally and in Ontario resulting in an economic slowdown. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions however the success of these interventions is not currently determinable.

As at December 31, 2021, COVID-19 has caused the Business Improvement Area to cancel some events.

Financial Statements of

**OTTAWA STREET
BUSINESS IMPROVEMENT AREA**

Year ended December 31, 2021



KPMG LLP
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INDEPENDENT AUDITORS' REPORT

To the Chairman and Members of the Board of Management of Ottawa Street Business Improvement Area, Members of Council, Inhabitants and Ratepayers of the Corporation of the City of Hamilton

Opinion

We have audited the accompanying financial statements of the Ottawa Street Business Improvement Area (the "Entity"), which comprise:

- the statement of financial position as at December 31, 2021,
- the statement of operations for the year then ended,
- the statement of changes in net financial assets for the year then ended,
- the statement of cash flows for the year then ended,
- and notes, including a summary of significant accounting policies and other explanatory information.

(Hereinafter referred to as the "financial statements")

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at December 31, 2021, and its results of operations, its changes in net financial assets 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 "Auditors' Responsibilities for the Audit of the Financial Statements" section of our auditors' report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other 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 Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

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

Auditors' 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 auditors' 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 the 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 Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

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- 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 Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusion is based on the audit evidence obtained up to the date of our auditors report. However, future events or conditions may cause the Entity 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.
- 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.

A handwritten signature in black ink that reads "KPMG LLP". The signature is written in a cursive, slightly slanted style. Below the signature is a single horizontal line that starts under the 'K' and ends under the 'P'.

Chartered Professional Accountants, Licensed Public Accountants

Hamilton, Canada

October 20, 2022

OTTAWA STREET BUSINESS IMPROVEMENT AREA

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OTTAWA STREET BUSINESS IMPROVEMENT AREA

Statement of Financial Position

December 31, 2021, with comparative information for 2020

	2021	2020
Financial assets		
Cash	\$ 80,517	\$ 84,549
Accounts receivable	850	3,395
HST receivable	13,487	27,644
Due from City of Hamilton (note 3)	–	1,662
Note receivable	5,000	5,000
	<u>99,854</u>	<u>122,250</u>
Financial liabilities		
Accounts payable and accrued liabilities	11,580	7,422
Due to City of Hamilton (note 3)	1,932	–
	<u>13,512</u>	<u>7,422</u>
Net financial assets	86,342	114,828
Non-financial assets		
Tangible capital assets (note 2)	58,387	78,903
Prepaid expenses	239	–
	<u>58,626</u>	<u>78,903</u>
Commitment (note 5)		
COVID-19 (note 7)		
Accumulated surplus (note 4)	\$ 144,968	\$ 193,731

See accompanying notes to financial statements.

On behalf of the Board:

_____ Director

_____ Director

OTTAWA STREET BUSINESS IMPROVEMENT AREA

Statement of Operations

Year ended December 31, 2021, with comparative information for 2020

	Budget (Note 6)	2021	2020
Revenue:			
Assessment levy (note 3)	\$ 133,000	\$ 130,611	\$ 134,205
City of Hamilton grants (note 3)	21,000	28,185	36,276
Farmer's market	4,400	4,250	3,395
Other income	30,850	8,775	2,742
Total revenue	189,250	171,821	176,618
Expenses:			
Advertising and promotion	32,250	44,638	19,341
Administrative services	35,500	9,628	8,483
Amortization	—	21,216	20,557
Bad debts	—	3,395	—
Beautification	31,900	32,838	11,798
Insurance	3,500	3,034	3,024
Office	—	1,412	1,070
Project costs	54,200	23,286	11,066
Rent	31,900	20,497	22,030
Salaries	—	39,396	32,956
Write-off of HST receivable	—	21,244	—
Total expenses	189,250	220,584	130,325
Annual (deficit) surplus	—	(48,763)	46,293
Accumulated surplus, beginning of year	193,731	193,731	147,438
Accumulated surplus, end of year	\$ 193,731	\$ 144,968	\$ 193,731

See accompanying notes to financial statements.

OTTAWA STREET BUSINESS IMPROVEMENT AREA

Statement of Changes in Net Financial Assets

Year ended December 31, 2021, with comparative information for 2020

	2021	2020
Annual (deficit) surplus	\$ (48,763)	\$ 46,293
Acquisition of tangible capital assets	(700)	(10,934)
Amortization of tangible capital assets	21,216	20,557
Change in prepaid expenses	(239)	-
Change in net financial assets	(28,486)	55,916
Net financial assets, beginning of year	114,828	58,912
Net financial assets, end of year	\$ 86,342	\$ 114,828

See accompanying notes to financial statements.

OTTAWA STREET BUSINESS IMPROVEMENT AREA

Statement of Cash Flows

Year ended December 31, 2021, with comparative information for 2020

	2021	2020
Cash provided by (used in):		
Operating activities:		
Annual (deficit) surplus	\$ (48,763)	\$ 46,293
Items not involving cash:		
Amortization	21,216	20,557
Changes in non-cash assets and liabilities:		
Accounts receivable	2,545	(1,698)
HST receivable	14,157	5,797
Note receivable	-	(5,000)
Accounts payable and accrued liabilities	4,158	(31,317)
Prepaid expenses	(239)	-
Net change in cash from operating activities	(6,926)	34,632
Capital activities:		
Cash used to acquire tangible capital assets	(700)	(10,934)
Financing activities:		
Change in due to/from City of Hamilton	3,594	(2,443)
(Decrease) increase in cash	(4,032)	21,255
Cash, beginning of year	84,549	63,294
Cash, end of year	\$ 80,517	\$ 84,549

See accompanying notes to financial statements.

OTTAWA STREET BUSINESS IMPROVEMENT AREA

Notes to Financial Statements

Year ended December 31, 2021

Ottawa Street Business Improvement Area (the "Business Improvement Area") was established in 1985 by the Council of the City of Hamilton and has been entrusted with the improvement, beautification and maintenance of municipally owned land, buildings and structures in the improvement area, beyond such expenditure by the City of Hamilton. The Business Improvement Area is also responsible for the promotion of this area for business and shopping. The Business Improvement Area is financed by a special levy charged upon businesses in the improvement area.

1. Significant accounting policies:

The financial statements of the Business Improvement Area are prepared by management in accordance with Canadian public sector accounting standards ("PSAS"). Significant accounting policies adopted by the Business Improvement Area are as follows:

(a) Basis of accounting:

The Business Improvement Area follows the accrual method of accounting for revenues and expenses. Revenues are normally recognized in the year in which they are earned and measurable. Expenses are recognized as they are incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation to pay.

(b) Government transfers:

Government transfers received relate to the assessment levy and operating grants. Government transfers are recognized in the financial statements as revenues when the transfer is authorized, any eligibility criteria are met and a reasonable estimate of the amounts can be made except when, and to the extent that, stipulations by the transferors give rise to an obligation that meet the definition of a liability. Government transfers that meet the definition of a liability are recognized as revenue as the liability is extinguished.

(c) Other income:

Other income is reported as revenue in the period earned.

OTTAWA STREET BUSINESS IMPROVEMENT AREA

Notes to Financial Statements (continued)

Year ended December 31, 2021

1. Significant accounting policies (continued):

(d) Non-financial assets:

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations.

(i) Tangible capital assets:

Tangible capital assets are recorded at cost which includes amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value, of the tangible capital assets are amortized on a straight line basis over their estimated useful lives as follows:

Asset	Useful life - years
Computers	5
Decorations	5
Furniture and equipment	10
Leasehold improvements	10

(e) Use of estimates:

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. Actual results could differ from those estimates.

(f) Related party transactions:

Transactions with related parties are measured at the carrying amount.

(g) Note receivable:

Note receivable is valued at cost. Recoverability is assessed annually, and a valuation allowance is recorded when recoverability has been impaired. Note receivable is written off when it is no longer recoverable. Interest revenue is recognized as it is earned.

OTTAWA STREET BUSINESS IMPROVEMENT AREA

Notes to Financial Statements (continued)

Year ended December 31, 2021

2. Tangible capital assets:

Cost	Balance at December 31, 2020	Additions	Disposals	Balance at December 31, 2021
Computers	\$ 5,731	\$ -	\$ -	\$ 5,731
Decorations	60,407	-	-	60,407
Furniture and equipment	109,341	700	-	110,041
Leasehold improvements	5,848	-	-	5,848
Total	\$ 181,327	\$ 700	\$ -	\$ 182,027

Accumulated amortization	Balance at December 31, 2020	Disposals	Amortization expense	Balance at December 31, 2021
Computers	\$ 2,839	\$ -	\$ 810	\$ 3,649
Decorations	34,216	-	8,921	43,137
Furniture and equipment	60,686	-	10,969	71,655
Leasehold improvements	4,683	-	516	5,199
Total	\$ 102,424	\$ -	\$ 21,216	\$ 123,640

Net book value	December 31, 2020	December 31, 2021
Computers	\$ 2,892	\$ 2,082
Decorations	26,191	17,270
Furniture and equipment	48,655	38,386
Leasehold improvements	1,165	649
Total	\$ 78,903	\$ 58,387

(a) Contributed tangible capital assets:

The Business Improvement Area received no contributed tangible capital assets in 2021 or 2020.

(b) Tangible capital assets disclosed at nominal values:

There are no tangible capital assets recognized at a nominal value.

(c) Write-down of tangible capital assets:

The Business Improvement Area has not recorded write-downs of tangible capital assets during the year or in 2020.

OTTAWA STREET BUSINESS IMPROVEMENT AREA

Notes to Financial Statements (continued)

Year ended December 31, 2021

3. Related party transactions:

During the year, the Business Improvement Area recorded the following transactions with the City of Hamilton:

Revenue:

	2021	2020
Member levy collected on behalf of the Ottawa Street Business Improvement Area	\$ 130,611	\$ 134,205
City of Hamilton grants	28,185	36,276

The City of Hamilton has contributed \$nil (2020 - \$13,110) to commercial improvement programs undertaken by the Business Improvement Area, \$16,885 (2020 - \$16,885) from parking sharing revenue program and \$11,300 (2020 - \$6,281) in other grants.

At the end of the year, the Business Improvement Area had a receivable of \$1,300 (2020 - \$2,082) from the City of Hamilton for outstanding grants. The Business Improvement Area had a payable of \$2,812 (2020 - \$nil) for member levy deficit as well as a payable for the audit fees of \$420 (2020 - \$420).

4. Accumulated surplus:

Accumulated surplus consists of the following:

	2021	2020
Surplus:		
Invested in tangible capital assets	\$ 58,387	\$ 78,903
Operating	86,581	114,828
Accumulated surplus	\$ 144,968	\$ 193,731

5. Commitment:

The Business Improvement Area is committed under an operating lease for the rental of office space as follow:

2022	\$ 23,052
2023	7,684
	\$ 30,736

OTTAWA STREET BUSINESS IMPROVEMENT AREA

Notes to Financial Statements (continued)

Year ended December 31, 2021

6. Budget data:

The budget data presented in these financial statements is based upon the 2021 budget approved by the Board on September 10, 2020. Amortization and acquisitions of tangible capital assets were not contemplated on development of the budget and, as such, were not provided on the statement of changes in net financial assets.

7. COVID-19:

In March 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization and has had a significant financial, market and social dislocating impact across the world. This has resulted in governments worldwide, including the Canadian and Ontario governments, enacting emergency measures to combat the spread of the virus.

Several measures were put in place by the Federal Government which include the implementation of travel bans, self-imposed quarantine periods and social distancing. These measures have caused material disruption to individuals, businesses and organizations globally and in Ontario resulting in an economic slowdown. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions however the success of these interventions is not currently determinable.

As at December 31, 2021, COVID-19 has caused the Business Improvement Area to cancel some events. The current challenging economic climate may lead to adverse changes in cash flows, working capital levels and/or debt balances, which may also have a direct impact on the Business Improvement Area's operating results and financial position in the future. The outcome and timeframe to a recovery from the current pandemic is undeterminable, thus it is not practicable to estimate and disclose its financial effect on future operations at this time.

Financial Statements of

WATERDOWN BUSINESS IMPROVEMENT AREA

Year ended December 31, 2021



KPMG LLP
Commerce Place
21 King Street West, Suite 700
Hamilton ON L8P 4W7
Canada
Tel 905-523-8200
Fax 905-523-2222

INDEPENDENT AUDITORS' REPORT

To the Chairman and Members of the Board of Management of the Waterdown Business Improvement Area, Members of Council, Inhabitants and Ratepayers of the Corporation of the City of Hamilton

Opinion

We have audited the accompanying financial statements of the Waterdown Business Improvement Area (the "Entity"), which comprise:

- the statement of financial position as at December 31, 2021,
- the statement of operations for the year then ended,
- the statement of changes in net financial assets for the year then ended,
- the statement of cash flows for the year then ended,
- and notes, including a summary of significant accounting policies and other explanatory information.

(Hereinafter referred to as the "financial statements")

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at December 31, 2021, and its results of operations, its changes in net financial assets 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 "Auditors' Responsibilities for the Audit of the Financial Statements" section of our auditors' report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other 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 Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

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

Auditors' 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 auditors' 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 the 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 Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



Page 3

- 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 Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusion is based on the audit evidence obtained up to the date of our auditors report. However, future events or conditions may cause the Entity 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.
- 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.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

Hamilton, Canada

October 26, 2022

WATERDOWN BUSINESS IMPROVEMENT AREA

Financial Statements

Year ended December 31, 2021

Financial Statements

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Statement of Operations	2
Statement of Changes in Net Financial Assets	3
Statement of Cash Flows	4
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WATERDOWN BUSINESS IMPROVEMENT AREA

Statement of Financial Position

December 31, 2021, with comparative information for 2020

	2021	2020
Financial assets		
Cash	\$ 111,454	\$ 100,280
Accounts receivable	2,016	-
Investments (note 4)	63,838	63,640
HST receivable	15,987	15,556
	<u>193,295</u>	<u>179,476</u>
Financial liabilities		
Accounts payable and accrued liabilities	21,608	10,544
Due to City of Hamilton (note 3)	16,010	993
	<u>37,618</u>	<u>11,537</u>
Net financial assets	155,677	167,939
Non-financial assets		
Tangible capital assets (note 2)	29,777	42,136
Prepaid expenses	3,568	3,504
	<u>33,345</u>	<u>45,640</u>
Commitments (note 6)		
COVID-19 (note 8)		
Accumulated surplus (note 5)	\$ 189,022	\$ 213,579

See accompanying notes to financial statements.

On behalf of the Board:

Director

Director

WATERDOWN BUSINESS IMPROVEMENT AREA

Statement of Operations

Year ended December 31, 2021, with comparative information for 2020

	Budget (note 7)	2021	2020
Revenues:			
Assessment levy (note 3)	\$ 250,000	\$ 233,117	\$ 248,135
City of Hamilton grants (note 3)	6,500	18,862	10,810
Federal grant – summer jobs	–	7,886	3,920
Other income	82,390	27,517	2,426
Total revenue	338,890	287,382	265,291
Expenses:			
Advertising and promotion	54,025	33,508	22,083
Amortization	–	15,891	21,868
Christmas tree of hope	–	–	2,630
Festival and parades	49,615	44,067	35,582
Insurance	5,700	2,805	5,002
Wages and benefits	87,500	94,219	89,363
Memberships, conferences, and seminars	5,350	1,626	1,975
Office and general expenses	16,500	13,833	10,683
Professional fees	2,800	2,051	1,977
Rent	30,400	33,665	32,013
Streetscaping and decorations	87,000	66,846	73,627
Loss on disposal of assets	–	3,428	–
Total expenses	338,890	311,939	296,803
Annual deficit	–	(24,557)	(31,512)
Accumulated surplus, beginning of year	213,579	213,579	245,091
Accumulated surplus, end of year	\$ 213,579	\$ 189,022	\$ 213,579

See accompanying notes to financial statements.

WATERDOWN BUSINESS IMPROVEMENT AREA

Statement of Changes in Net Financial Assets

Year ended December 31, 2021, with comparative information for 2020

	2021	2020
Annual deficit	\$ (24,557)	\$ (31,512)
Decrease in tangible capital assets	12,359	21,867
(Increase) decrease in prepaid expenses	(64)	2,281
Change in net financial assets	(12,262)	(7,364)
Net financial assets, beginning of year	167,939	175,303
Net financial assets, end of year	\$ 155,677	\$ 167,939

See accompanying notes to financial statements.

WATERDOWN BUSINESS IMPROVEMENT AREA

Statement of Cash Flows

Year ended December 31, 2021, with comparative information for 2020

	2021	2020
Cash provided by (used in):		
Operating activities:		
Annual deficit	\$ (24,557)	\$ (31,512)
Items not involving cash:		
Amortization	15,891	21,867
Loss on disposal of assets	3,428	-
Changes in non-cash assets and liabilities:		
HST receivable	(431)	(1,897)
Accounts receivable	(2,016)	-
Prepaid expenses	(64)	2,281
Accounts payable and accrued liabilities	11,064	(798)
Net change in cash from operating activities	3,315	(10,059)
Capital activities:		
Cash used to acquire tangible capital assets	(6,960)	-
Investing activities:		
(Acquisition) disposal of investments	(198)	8,824
Financing activities:		
Change in due to City of Hamilton	15,017	(8,013)
Increase (decrease) in cash	11,174	(9,248)
Cash, beginning of year	100,280	109,528
Cash, end of year	\$ 111,454	\$ 100,280

See accompanying notes to financial statements.

WATERDOWN BUSINESS IMPROVEMENT AREA

Notes to Financial Statements

Year ended December 31, 2021

The Waterdown Business Improvement Area ("Business Improvement Area") was established in 1985 by the Council of the former Town of Flamborough and has been entrusted with the improvement, beautification and maintenance of the municipally owned land, buildings and structures in the improvement area, beyond such expenditure by the Municipality. The Business Improvement Area is also responsible for the promotion of this improvement area for business and shopping. The Business Improvement Area is financed by a special levy charged upon businesses in the improvement area.

1. Significant accounting policies:

The financial statements of the Business Improvement Area are prepared by management in accordance with Canadian public sector accounting standards ("PSAS") as recommended by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada. Significant accounting policies adopted by the Business Improvement Area are as follows:

(a) Basis of accounting:

The Business Improvement Area follows the accrual method of accounting for revenues and expenses. Revenues are normally recognized in the year in which they are earned and measurable. Expenses are recognized as they are incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation to pay.

(b) Government transfers:

Government transfers received relate to the assessment levy and operating grants. Government transfers are recognized in the financial statements as revenues when the transfer is authorized, any eligibility criteria are met and a reasonable estimate of the amounts can be made except when, and to the extent that, stipulations by the transferors give rise to an obligation that meet the definition of a liability. Government transfers that meet the definition of a liability are recognized as revenue as the liability is extinguished.

(c) Other income:

Other income is reported as revenue in the period earned.

(d) Investments:

Investments consist of guaranteed investment certificates and are recorded at amortized cost. When there has been a loss in value that is other than a temporary decline in value, the respective investment is written down to recognize the loss. Discounts and premiums arising on the purchase of these investments are amortized over the term of the investments.

WATERDOWN BUSINESS IMPROVEMENT AREA

Notes to Financial Statements (continued)

Year ended December 31, 2021

1. Significant accounting policies (continued):

(e) Non-financial assets:

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations.

(i) Tangible capital assets:

Tangible capital assets are recorded at cost which includes amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value, of the tangible capital assets are amortized on a straight line basis over their estimated useful lives with one-half year taken in the year of acquisition as follows:

Asset	Useful life – years
Furniture and equipment	10
Leasehold improvements	5
Gateway signs	5
Computer equipment	3
Banners	3

(f) Use of estimates:

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. Actual results could differ from those estimates.

(g) Related party transactions:

Transactions with related parties are measured at the exchange amount.

WATERDOWN BUSINESS IMPROVEMENT AREA

Notes to Financial Statements (continued)

Year ended December 31, 2021

2. Tangible capital assets:

Cost	Balance at December 31, 2020	Additions	Disposals	Balance at December 31, 2021
Furniture and equipment	\$ 121,309	\$ -	\$ -	\$ 121,309
Leasehold improvements	20,739	-	(20,739)	-
Computer equipment	5,139	-	-	5,139
Banners	15,142	6,960	(15,144)	6,958
Gateway signs	11,429	-	-	11,429
Total	173,758	6,960	(35,883)	144,835

Accumulated amortization	Balance at December 31, 2020	Disposals	Amortization expense	Balance at December 31, 2021
Furniture and equipment	\$ 88,628	\$ -	\$ 12,129	\$ 100,757
Leasehold improvements	20,739	(20,739)	-	-
Computer equipment	4,826	-	313	5,139
Banners	11,714	(11,716)	1,161	1,159
Gateway signs	5,715	-	2,288	8,003
Total	131,622	(32,455)	15,891	115,058

Net book value	December 31, 2020	December 31, 2021
Furniture and equipment	\$ 32,681	\$ 20,552
Leasehold improvements	-	-
Computer equipment	313	-
Banners	3,428	5,799
Gateway signs	5,714	3,426
Total	42,136	29,777

(a) Contributed tangible capital assets:

The Business Improvement Area received no contributed tangible capital assets in 2021 or 2020.

(b) Tangible capital assets disclosed at nominal values:

There are no tangible capital assets recognized at a nominal value.

WATERDOWN BUSINESS IMPROVEMENT AREA

Notes to Financial Statements (continued)

Year ended December 31, 2021

2. Tangible capital assets (continued):

(c) Write-down of tangible capital assets:

The Business Improvement Area has recorded \$3,428 (2020 - \$nil) in write-downs of tangible capital assets in 2021.

3. Related party transactions:

(a) City of Hamilton:

During the year, the Business Improvement Area recorded the following transactions with the City of Hamilton:

	2021	2020
Revenue:		
Member levy collected on behalf of the Business Improvement Area	\$ 233,217	\$ 248,135
City of Hamilton grants	18,862	10,810

The City of Hamilton has also contributed \$5,582 (2020 - \$5,510) to commercial improvement programs undertaken by the Business Improvement Area and \$13,280 (2020 - \$5,300) in other grants.

At the end of the year, the Business Improvement Area had a payable to the City of Hamilton of \$16,883 (2020 - \$1,866) for the deficit of the member levy collected by the City of Hamilton as well as \$427 (2020 - \$427) for the annual audit accrual net of \$1,300 (2020 - \$1,300) receivable for the annual Christmas grant.

(b) Board of Directors:

During the year, the Business Improvement Area recorded the following transactions with businesses of members of the Board of Directors:

	2021	2020
Revenue:		
Sponsorships	\$ 1,500	\$ -
Expenses:		
Professional fees	\$ 1,624	\$ 1,550
Advertising and promotion	300	100

These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

WATERDOWN BUSINESS IMPROVEMENT AREA

Notes to Financial Statements (continued)

Year ended December 31, 2021

4. Investments:

Investments reported in the Statement of Financial Position consist of guaranteed investment certificates ("GIC") and are reported at amortized cost. The Business Improvement Area purchased the GIC in December 2021 with a maturity date in March 2022. As at December 31, 2021, cost approximated the market value of the GIC and interest income has been accrued in the amount of \$198 (2020 – \$47).

5. Accumulated surplus:

Accumulated surplus consists of balances as follows at December 31:

	2021	2020
Surplus:		
Invested in tangible capital assets	\$ 29,777	\$ 42,136
Operating fund	109,245	111,443
	139,022	153,579
Reserve funds set aside by Waterdown Business Improvement Area:		
Marketing and advertising	50,000	60,000
	\$ 189,022	\$ 213,579

6. Commitments:

The Business Improvement Area is committed under an operating lease for the rental of office space and farmer's market space until November 30, 2024. Future minimum lease payments under this operating lease are as follows:

2022	\$	35,106
2023		35,721
2024		33,261
	\$	104,088

7. Budget data:

The budget data presented in these financial statements is based upon the 2021 budget approved by the Board. Amortization and acquisitions of tangible capital assets were not contemplated on development of the budget and, as such, were not provided on the statement of changes in net financial assets.

WATERDOWN BUSINESS IMPROVEMENT AREA

Notes to Financial Statements (continued)

Year ended December 31, 2021

8. COVID-19:

In March 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization and has had a significant financial, market and social dislocating impact across the world. This has resulted in governments worldwide, including the Canadian and Ontario governments, enacting emergency measures to combat the spread of the virus.

Several measures were put in place by the Federal Government which include the implementation of travel bans, self-imposed quarantine periods and social distancing. These measures have caused material disruption to individuals, businesses and organizations globally and in Ontario resulting in an economic slowdown. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions however the success of these interventions is not currently determinable.

As at December 31, 2021, COVID-19 has caused the Business Improvement Area to cancel some events. The current challenging economic climate may lead to adverse changes in cash flows, working capital levels and/or debt balances, which may also have a direct impact on the Business Improvement Area's operating results and financial position in the future. The outcome and timeframe to a recovery from the current pandemic is undeterminable, thus it is not practicable to estimate and disclose its financial effect on future operations at this time.

9.3

Hamilton**Minutes 22-012****Hamilton Women and Gender Equity Committee****Thursday December 22, 2022****6:00pm-8:00pm****All virtual meetings can be viewed at the
City's YouTube Channel:****<https://www.youtube.com/user/InsideCityofHamilton>
Virtual Meeting**

Present: Deanna Allain, Adriana Harris, Julie Turner, Michelle Hutton, Melanie Cummings, Pascale Marchand and Kathleen Shannon.

Regrets: Anna Davey, Gagan Batra, Heather Platt, Jan Lukas, Autumn Getty, Yulena Wan and Stephanie Scardellato.

Also Present: Morgan Stahl, Director of Government Relations and Community Engagement and Violetta Nikolskaya, YWCA Hamilton.

1. CEREMONIAL ACTIVITIES**1.1 Land Acknowledgement**

D. Allain provided the Land Acknowledgement

2. APPROVAL OF THE AGENDA (ITEM 2)

The Chair advised that there were no changes to the agenda.

(P. Marchand / A. Harris)

That the Agenda of December 22, 2022 be approved as amended.

CARRIED

3. DECLARATION OF INTEREST (ITEM 3)

None.

4. APPROVAL OF MINUTES OF PREVIOUS MEETING (ITEM 4)**i. November 24, 2022 (Item 4.1)****(P. Marchand / A. Harris)**

That the Hamilton Women and Gender Equity Committee approve the Minutes of November 24, 2022 as presented.

CARRIED

5. COMMUNICATIONS

None.

6. DELEGATION REQUESTS

6.1 Violetta Nikolskaya requested to speak on Gender-responsive Budgeting.

7. DISCUSSION ITEMS

10.1 Gender-responsive Budgeting, Questions and discussion.

(A. Harris / M. Hutton)

Moved to receive presentation.

CARRIED

(K. Shannon / P. Marchand)

Committee moved to prepare a Citizens Committee Report explaining rationale for supporting Gender-responsive Budgeting.

CARRIED

10.2 Code of Conduct for Members of Boards and Agencies

(D. Allain / M. Cummings)

A working group will convene and provide feedback at the January meeting. Meeting dates are January 10 and 12, 6pm.

CARRIED

10.3 Review of the 2023 Procedural Handbook for Citizen Appointees

(D. Allain / M. Cummings)

A working group will be established and report to the committee at the January meeting. Meeting dates are January 10 and 12, 6pm.

CARRIED

10.4 Status of Citizen Committee Reports

Committee discussed challenges of delays hampering reports going forward. Committee members want to be utilized as advisory committee.

10.5 2023 Meeting Dates & Schedule

A poll will be distributed to committee members to determine best dates for February and March meetings, January meeting will follow suit of last Thursday of the month.

15. ADJOURNMENT (ITEM 15)

(M. Hutton/P. Marchand)

That the Hamilton Women and Gender Equity Committee be adjourned at 7:14 p.m.

CARRIED

15.1 Next Meeting Thursday January 26, 6pm

Respectfully submitted,

D. Allain, Chair
Hamilton Women and
Gender Equity Committee

Morgan Stahl,
Director of Government
Relations & Community
Engagement
City Manager's Office



CITIZEN COMMITTEE REPORT

To:	Audit, Finance and Administration Committee
From:	Hamilton Women and Gender Equity Committee <div style="text-align: right; border-top: 1px solid black; width: 200px; margin: 0 auto;">Deanna Allain, Chair</div>
Date:	January 26, 2023
Re:	Applying a gender lens to the City of Hamilton for the Operational Budget

Recommendation

- (a) That the City of Hamilton consider applying a gender lens to the City of Hamilton for the 2023 Operational Budget, with implementation in the 2024 Operational Budget;
- (b) That the City of Hamilton continue to promote gender equity in society through the operational budget, in support of the City of Hamilton's 2016-2025 Strategic Plan, including economic prosperity and growth, healthy and safe communities, clean and green, built environment and infrastructure, and culture and diversity; and
- (c) Consider gender and diversity in taxation and resource allocation decisions.

Background

The United Nations Sustainable Development Goal 5 promotes gender equality and empowerment of women and girls. Whereas the Government of Canada's ambitions to achieve this goal include:

- Eliminating gender-based violence and harassment;
- Supporting gender equality in leadership roles and at all levels of decision-making; and
- Ensuring that Canadians, and those who live here, share responsibilities within household and families. (<https://sdgcif-data-canada-oddcic-donnee.github.io/5/>)

In 2018, the Government of Canada enacted the Canadian Gender Budgeting Act (<https://laws-lois.justice.gc.ca/eng/acts/C-17.2/FullText.html>). The federal government is using Gender-based Analysis Plus (GBA Plus) to analyse and support the development of inclusive policies, programs, and initiatives (<https://women-gender-equality.canada.ca/en/gender-based-analysis-plus.html>).

Gender-based initiatives can include early learning and childcare programs (<https://www.canada.ca/en/employment-social-development/programs/agenda-2030/gender-equality.html>). It includes supports for women, trans, and gender-non-binary entrepreneurs and skilled trades people (<https://www.canada.ca/en/employment-social-development/programs/agenda-2030/gender-equality.html>). It also includes addressing gender-based violence by ensuring anyone has access to protection and services (<https://www.canada.ca/en/employment-social-development/programs/agenda-2030/gender-equality.html>). Gender-based initiatives support the calls for justice of the Missing and murdered Indigenous Women and Girls' and the calls to action of the Truth and Reconciliation Commission (<https://www.mmiwg-ffada.ca/final-report/>; https://ehprnh2mwo3.exactdn.com/wp-content/uploads/2021/01/Calls_to_Action_English2.pdf; <https://www.canada.ca/en/employment-social-development/programs/agenda-2030/gender-equality.html>). Finally, gender-based budgeting tackles issues of affordable housing and access to sexual and reproductive health care (<https://www.canada.ca/en/employment-social-development/programs/agenda-2030/gender-equality.html>).

Analysis/Rationale

Using a gender-based lens to the operational budget, supports increased gender equity for women, girls, trans and gender non-binary folks. Cis and trans women and non-binary folks, especially when combined with the intersectionality of race, sexuality, and lower socio-economic status, are disproportionately affected by violence and harassment. This group was significantly financially impacted by job loss and unemployment during the pandemic and by ongoing systemic barriers. Recognizing the impact of the budget has on cis and trans women and gender non-binary folks in the City of Hamilton is necessary by Council to ensure it fulfils its vision “to be the best place to raise a child and age successfully.”

References

Canadian Gender Budgeting Act (S.C. 2018, c. 27, s. 314). <https://laws-lois.justice.gc.ca/eng/acts/C-17.2/FullText.html>

<https://sdgcif-data-canada-oddcic-donnee.github.io/5/>

<https://women-gender-equality.canada.ca/en/gender-based-analysis-plus.html>

<https://www.mmiwg-ffada.ca/final-report/>; https://ehprnh2mwo3.exactdn.com/wp-content/uploads/2021/01/Calls_to_Action_English2.pdf

CITY OF HAMILTON

MOTION

Audit, Finance and Administration Committee: February 16, 2023

MOVED BY COUNCILLOR B. CLARK.....

MOVED BY COUNCILLOR

Constituent Management Software

WHEREAS, Councillors and their staff are currently not provided with supported database software that helps track actionable items based on contact with constituents;

WHEREAS, Information Technology staff must be directed by Council to explore database software options that can be supported;

THEREFORE, BE IT RESOLVED:

That Information Technology staff be directed to explore user friendly database software options and report back to the Audit, Finance and Administration Committee with those options, complete with any costs associated with adopting such software for use by Councillors and their administrative staff.

CITY OF HAMILTON

MOTION

Audit, Finance and Administration Committee: February 16, 2023

MOVED BY COUNCILLOR C. KROETSCH

SECONDED BY COUNCILLOR

Council Access to and Copies of Confidential Records

WHEREAS, a Notice of Motion was placed on the Audit, Finance and Administration Committee, on October 21, 2021 directing staff to develop a procedure to allow Members of Council access to Confidential Records such as memoranda of understanding, contracts and other such agreements that are the work product of confidential reports to Council, attached as Appendix A to this motion;

WHEREAS, on November 3, 2021 Clerks staff developed and communicated to all of Council and the public, the Council Access to Confidential Information Procedure (the "Procedure") attached as Appendix B to this motion; and

WHEREAS, on November 4, 2021 the Audit, Finance and Administration Committee deliberated the Procedure; and

WHEREAS, Clerks staff have also developed a Records Guide for Council attached as Appendix C to this motion which provides information to all of Council with respect to the approved processes for accessing Confidential Information.

THEREFORE, BE IT RESOLVED:

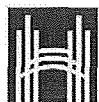
That the Council Access to Confidential Information Procedure be amended so that members of City Council have access to confidential information or records in a manner similar to the process used for accessing Closed Session documents (i.e. through a web-based password-protected document software like eSCRIBE or CitySHARE).

**Audit, Finance and Administration
Report 21-019**

**November 4, 2021
Page 1 of 1**


4. Timely Access To View Confidential Documents (Item 11.1)

That staff be directed to create a Procedure ***and Policy*** to enable Council timely access to confidential documents such as Memorandums of Understanding, Contracts and Agreements.



Hamilton

COMMUNICATION UPDATE

TO:	Mayor and Members City Council
DATE:	October 29, 2021
SUBJECT:	Council Access to Confidential Information
WARD(S) AFFECTED:	City Wide
SUBMITTED BY:	Lisa Barroso Manager, Corporate Records and FOI Corporate Services/City Clerk's Office
SIGNATURE:	

This communication update is provided in response to the Notice of Motion presented to the Audit, Finance and Administration Committee on October 21, 2021, as follows:

Timely Access to View Confidential Documents

WHEREAS, Council access to confidential documents takes inordinately long; and,

WHEREAS, there is no policy informing or directing staff to enable Councillors to view confidential documents;

THEREFORE, BE IT RESOLVED:

That staff be directed to create a Procedure to enable Council timely access to confidential documents such as Memorandums of Understanding, Contracts and Agreements.

The rights of Members of Council and staff to access information and their obligations to protect the confidentiality of information is set out in:

- *Municipal Freedom of Information & Protection of Privacy Act (MFFIPA)*;
- City of Hamilton's Code of Conduct for Members of Council
- City of Hamilton's Employee Code of Conduct

OUR Vision: To be the best place to raise a child and age successfully.

OUR Mission: To provide high quality cost conscious public services that contribute to a healthy, safe and prosperous community, in a sustainable manner.

OUR Culture: Collective Ownership, Steadfast Integrity, Courageous Change, Sensational Service, Engaged Empowered Employees.

SUBJECT: Routine Disclosure/Active Dissemination Policy Update Access to Records Motion **Page 2 of 2**

Confidential information generally includes information developed or received by the City in confidence. Members of Council are provided with confidential information during closed session to support decision making involving matters identified under the *Municipal Act 2001*, as amended. In some instances, Members of Council delegate authority to staff to develop confidential documents based on direction provided by Members at Committee/Council.

The following process is in place to support members to access confidential information that is under the custody and control of the City of Hamilton:

- Members of Council can request and receive access to confidential records through requests to the Office of the City Clerk. This ensures access is granted according to access rights, which protect and track access for all records, and ensures the official record is provided.
- Confidential records previously viewed and distributed to members of Council through Committee/Council, are provided to members (password protected) upon request.
- Confidential records not previously distributed to members of Council may be viewed by Members in the Office of the City Clerk (e.g. Memorandums of Understanding and Agreements). Access to these confidential documents is tracked.

The *Municipal Freedom of Information & Protection of Privacy Act* guides the Office of the City Clerk when sharing records with all Members of Council, staff and the public. The Information and Privacy Commissioner recognizes that Members of Council do not have any greater right to access to information than the public. However, when exercising a Member's right as a Member of Council, at times, it may provide them with a level of access to confidential information in the custody of the Corporation, that is not distributed through Committee and Council.

OUR Vision: To be the best place to raise a child and age successfully.

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A Guide for Members of Hamilton City Council

Managing Records and Information in a Councillors Office

This guide informs Members of Council of their rights and obligations under Legislation and IPC decisions and directives regarding access to and the maintenance of records in their custody and/or control when acting 1) in their capacity as an elected representative of their constituents and 2) in an official capacity as a Member of Council on behalf of the City of Hamilton as it relates to the:

- *Municipal Act, 2001*
- *Municipal Freedom of Information and Protection of Privacy Act (MFIPPA)*
- Information & Privacy Commissioner of Ontario Fact Sheet 1 - *MFIPPA* and Councillors Records, 2016
- Procedural By-law 21-021
- Council Code of Conduct By-law 16-290
- City of Hamilton Protection of Privacy Policy
- Records and Information Management Policy
- Records Retention By-Law 11-040, as amended

A **record** as defined under section 2 of the *Municipal Freedom of Information and Protection of Privacy Act* (MFIPPA) is “any record of information however recorded, whether in printed form, on film, by electronic means or otherwise, and includes,

- (a) correspondence, a memorandum, a book, a plan, a map, a drawing, a diagram, a pictorial or graphic work, a photograph, a film, a microfilm, a sound recording, a videotape, a machine-readable record, any other documentary material, regardless of physical form or characteristics, and any copy thereof, and
- (b) subject to the regulations, any record that is capable of being produced from a machine-readable record under the control of an institution by means of computer hardware and software or any other information storage equipment and technical expertise normally used by the institution;”

Records in a Councillor’s office normally includes records pertaining to both a Councillor’s **constituency** business, and the **City’s** corporate business and need to be handled with care. The risks of inappropriately handling information are reduced if steps are taken to 1) minimize data collection to that which is necessary for the purpose and 2) securely handle and store records at all times (i.e. keep a clean desk policy, encrypt devices, store records in locked filing cabinets, lock computer screens when stepping away from your desk).

Constituency Records

Constituency records – (political records) includes records that generally relate to issues the Councillor is dealing with involving one or more members of the public who either live or own a business within the Councillor's ward. Documents and records received or created as a result of interacting with constituents are considered political records containing the personal information of constituents. Some examples include:

- Requests for assistance from constituents and any applicable responses
- Notes from meetings with constituents

These records may include letters, emails, telephone messages and mailing lists.

Constituency records held solely by the Councillors office are generally not considered to be in the custody or under the control of the City of Hamilton, limited exceptions are discussed below.

Custody or control: The Information and Privacy Commissioner of Ontario (IPC) has defined "in the custody or under the control" broadly and considers several factors in making a decision as to who has custody or control of a record. These factors go beyond the physical location of a record and include the purposes of the record, its originator, and whether the record pertains to the institution's mandate or functions.

The IPC Fact Sheet - *MFIPPA* and Councillors Records states:

"Councillors' records are subject to MFIPPA where:

1. a councillor is acting as an officer or employee of the municipality, or performs a duty assigned by council, such that they might be considered part of the institution, or
2. the records are in the custody or control of the municipality." (See Fact Sheet attached)

Councillors should be mindful when forwarding communications from constituents to City staff.

Once information has been sent to a member of the City's staff, it is now a corporate record and potentially subject to a Freedom of Information (FOI) access request.

Councillors are responsible for safeguarding this information in order for the City to comply with its obligations related to an individual's right of access to a record or part of a record in the custody or under the control of the City.

In addition, Councillors should redact any personal information or sensitive material of the constituent before forwarding the information to City staff. In such circumstances, personal information may include the constituent's name, address, email address, phone number, the views or opinions of another individual about that individual, as well as other sensitive information. If personal information or sensitive material is required to be forwarded to City

staff for action, the Councillor should seek consent from the constituent to share their personal information, and only share what is necessary under the circumstances. The statement below provides a sample that could be used:

I'd like to assist you in resolving your concern/issue [or more appropriate wording] by sending your email to the appropriate city staff/department for action. Do I have your permission to forward your email containing your personal information (along with any attachments)? Once the email is forwarded all the contents including your personal information will be made available to the recipient.

City/Municipal Records

City/Municipal records - includes the records of Members of Council that relate to managing or administering their activities on Committee or Council or in an official capacity on behalf of the City of Hamilton.

- Project files documenting involvement with Council directed initiatives
- Notes from committee or Council meetings

Documents and records created in connection with City business such as the schedule of meetings, meeting agendas or email correspondence with City staff respecting City business are considered City records. As are records related to a Councillor's responsibilities as a Member of Council or to some aspect of City Council's mandate as a member of Sub-Committee or a part of the City's Agency's Boards and Committee. These records are subject to the provisions of MFIPPA and may be requested by members of the public.

For example, in a recent IPC decision, a Councillor was corresponding via email sent from their own personal email address to an outside party. The IPC found that the email was a responsive record to an access request under the control of the municipality as the subject matter was related to city business and was related to the councillors mandate (IPC Order MO-3281).

Record Keeping Best Practices

Councillors should take care by developing administrative practices around Constituency and City records. Councillors should maintain all electronic and paper records in separate filing systems that differentiate between constituent and city records. This can be achieved by using separate filing cabinets for physical records and using separate electronic filing systems and file naming conventions for both types of records. For email communications this can include using separate email folders, one that specifically stores incoming constituency records and another that stores incoming City records. Email 'sent folders' could also be set up to separately house responses containing constituency records in one and City records in the other.

Protecting Personal and Confidential Information - Safeguarding Information

Regardless of the type of record, documents containing personal and confidential information should be store in locked cabinets except when in use. Data stored on laptop computers, USB drives or similar devices should be encrypted and should not be left unattended. The disposal of paper documents should be done in a safe and secure manor in a City facility by depositing the records in a specially marked shredding console or bin. Care should be taken to ensure that personal and/or confidential information is not disclosed during public meetings. For personal information, written consent of the constituent is required prior to disclosure. Personal Information obtained from constituents should only be used for the purpose it was collected and not used for other purposes such as to communicate on other matters without the constituent's consent.

Office of the Mayor

The Mayor, as Head of Council, is an officer of the City. The Mayor's records that relate to mayoral duties are considered to be in the City's custody or control and therefore subject to MFIPPA (IPC Order MO-1403).

Access to Information by Members of Council

Members of Council have the same rights of access to City records as a member of the public. The City has made significant efforts to make information available on the City's website:

- The City of Hamilton makes all legislative information excluding and confidential information available through the City Clerk's webpage:
<https://www.hamilton.ca/council-committee/council-committee-meetings/meetings-and-agendas>
- City By-laws: <https://www.toronto.ca/city-government/accountability-operations-customer-service/access-city-information-or-records/how-to-access-city-information/#detail-info>
- Open data Program: <https://www.hamilton.ca/city-initiatives/strategies-actions/open-data-program>
- Routine Disclosure and Active Dissemination (lists of information made available by City departments): <https://www.hamilton.ca/government-information/accountability/routine-disclosure-and-active-dissemination>

Access to Records Required to Conduct Corporate City Business

Council as a body has a right to access information if it is required in the performance of its duties. Councillors frequently receive confidential information to make decisions through the Council/Committee process. Confidential information as defined in the Council Code of Conduct includes but is not limited to information:

- '(i) in the possession of the City that the City: is prohibited from disclosing; is required to refuse to disclose; or has exercised its discretion to refuse to disclose, under the *Municipal Freedom of Information and Protection of Privacy Act* or any other law; and
- (ii) concerning matters that are considered in an in-camera meeting under section 239 of the *Municipal Act, 2001*'

Confidential information generally includes information developed or received by the City in confidence. It is the responsibility of Members of Council to ensure that this information is kept confidential as required by law and by the Council Code of Conduct.

Members of Council are entitled to confidential information held by the City if the record is required for the performance of the Member of Council's role in carrying out duties related to that function:

- Confidential records not distributed or circulated to Members through Committee/Council (e.g. Memorandums of Understanding and Agreements) may be viewed by Members in the Office of the City Clerk via the following process:
 - Members of Council are required to submit their request to the Office of the City Clerk in order to provide staff with adequate time to review and assess the record to ensure it contains no personal information and/or other information not relevant to the nature of the request.
 - After this review, staff will contact the Member of Council to schedule a time to view the record. Recording copies, taking photographs/scans or writing notes about the content within these documents is not permitted. All access to documents is logged.

Access to Personal Information

'Personal Information' as defined under section 2 of MFIPPA means "recorded information about an identifiable individual including,

- (a) information relating to the race, national or ethnic origin, colour, religion, age, sex, sexual orientation or marital or family status of the individual,

- (b) information relating to the education or the medical, psychiatric, psychological, criminal or employment history of the individual or information relating to financial transactions in which the individual has been involved,
- (c) any identifying number, symbol or other particular assigned to the individual,
- (d) the address, telephone number, fingerprints or blood type of the individual,
- (e) the personal opinions or views of the individual except if they relate to another individual,
- (f) correspondence sent to an institution by the individual that is implicitly or explicitly of a private or confidential nature, and replies to that correspondence that would reveal the contents of the original correspondence,
- (g) the views or opinions of another individual about the individual, and
- (h) the individual's name if it appears with other personal information relating to the individual or where the disclosure of the name would reveal other personal information about the individual; “

Databases

The IPC has provided the City of Hamilton with guidance on Councillors access to personal information contained in City databases. The IPC's position is that 'routine automatic access by Councillors to Municipal government databases that contain personal information is not consistent with MFIPPA'. See attached correspondence from the IPC.

Outgoing Members of Council

When a member of Council is completing their term and will no longer be a member of the newly elected Council, City records need to be properly stored and constituency records shall be deleted.

- All City records are to be submitted by the Member of Council to either the Records Management or IT support team in the paper or electronic format in which they exist. These records will be retained for a period not longer than the end of the next term of Council.
- As it pertains to constituency records, Councillors should securely destroy these records upon their vacancy from office.

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CITY OF HAMILTON NOTICE OF MOTION

Audit, Finance and Administration Committee: February 16, 2023

MOVED BY COUNCILLOR C. KROETSCH

Feasibility of a Bring Your Own Device Policy

WHEREAS, the Council-approved *City of Hamilton E-mail, Internet, and Computer Acceptable Use Policy* and *IT Security Policy* strictly prohibit the use of personal devices in any form to conduct City of Hamilton business;

WHEREAS, the ability to use a range of technology, including software, to accommodate social media and graphic design would enable Councillors and their staff to optimize their office work;

THEREFORE, BE IT RESOLVED:

That Information Technology staff investigate the feasibility of implementing a bring-your-own-device policy that would allow Councillors and their staff to use personal computers, mobile phones and other personal devices to conduct City of Hamilton business and report back to the Audit, Finance and Administration Committee on the following:

- (a) the risks, operational impacts, and cost implications of implementing a bring-your-own-device policy;
- (b) the possible implementation of a pilot for a bring-your-own-device policy, that shall be limited to Councillors and their administrative staff; and
- (c) an investigation of other direct paths to allow Councillors and their staff to use a range of personal technology to meet their individual needs.