

INFORMATION REPORT

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| TO: Chair and Members Audit, Finance and Administration Committee | WARD(S) AFFECTED: CITY WIDE |
| COMMITTEE DATE: October 19, 2011 | |
| SUBJECT/REPORT NO: 2010 Audited Financial Statements for the City of Hamilton Business Improvement Areas (FCS11090) (City Wide) | |
| SUBMITTED BY: Antonio D. Tollis Treasurer Corporate Services Department | PREPARED BY: Brian McMullen 905-546-2424 ext. 4467 |
| SIGNATURE: | |

Council Direction:

None.

Information:

Each year the financial statements of the individual Business Improvement Areas (BIAs) in Hamilton's Association of Business Improvement Areas (HABIA) are audited by external auditors as prescribed by the *Municipal Act*. The financial statements of each BIA are prepared by management of the BIA and are approved by the board of management of the BIA.

City management decided that Council, through the Audit, Finance and Administration Committee, would receive the 2010 Audited Financial Statements of the BIAs in accordance with section 207 of the *Municipal Act*.

Section 207(1) of *The Municipal Act* refers to Business Improvement Areas 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).”

Appendix ‘A’ to report FCS11090 includes the final board approved financial statements for Ancaster BIA, Barton Village BIA, Downtown Hamilton BIA, Downtown Stoney Creek BIA, Dundas BIA, International Village BIA, Locke Street BIA, Ottawa Street BIA and Westdale BIA and the draft financial statements for Concession Street BIA, King St West BIA and Waterdown BIA. These draft financial statements have not yet been approved by the boards of management of these business improvement areas. City staff and the City’s auditors, Grant Thornton LLP, continue to communicate with these BIAs to obtain approval of the 2010 financial statements.

Appendices / Schedules:

Appendix ‘A’ to report FCS11090.



Financial Statements

Ancaster Heritage Village Business Improvement Area

December 31, 2010

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Independent auditor's report

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

We have audited the accompanying financial statements of Ancaster Heritage Village Business Improvement Area ("the BIA"), which comprise the statement of financial position as at December 31, 2010, and the statement of operations, changes in net financial assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles, 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.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the BIA's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the BIA as at December 31, 2010, and the results of its operations for the year then ended in accordance with Canadian generally accepted accounting principles.

Emphasis of matter

Without modifying our report we draw attention to the budget figures which are provided for comparative purposes only. They have not been subject to audit procedures. Accordingly, we do not express an opinion on the budget figures.



Hamilton, Canada
May 16, 2011

Chartered Accountants
Licensed Public Accountants

Ancaster Heritage Village Business Improvement Area Statement of Financial Position

| December 31 | 2010 | 2009 |
|-------------------------------------|------------------|------------------|
| Financial assets | | |
| Cash | \$ 50,023 | \$ 32,297 |
| Due from the City of Hamilton | <u>1,736</u> | <u>-</u> |
| | <u>51,759</u> | <u>32,297</u> |
| Liabilities | | |
| Accounts payable and accruals | 171 | 22,832 |
| Due to the City of Hamilton | <u>-</u> | <u>1,511</u> |
| | <u>171</u> | <u>24,343</u> |
| Net financial assets | <u>51,588</u> | <u>7,954</u> |
| Non-financial assets | | |
| Tangible capital assets (Note 3) | 40,211 | 35,217 |
| Prepaid expenses | <u>2,549</u> | <u>1,420</u> |
| | <u>42,760</u> | <u>36,637</u> |
| Accumulated surplus (Note 7) | <u>\$ 94,348</u> | <u>\$ 44,591</u> |

On behalf of the Board

Director

Director

See accompanying notes to the financial statements

Ancaster Heritage Village Business Improvement Area Statement of Operations

| Year Ended December 31 | 2010 Budget (Unaudited) | 2010 Actual | 2009 Actual |
|--|-------------------------------|------------------|------------------|
| Revenue | | | |
| Assessment levy (Note 4) | \$ 93,300 | \$ 92,049 | \$ 53,500 |
| Farmer's market grant | - | 15,000 | - |
| City of Hamilton grants (Note 4) | - | 7,522 | 6,533 |
| Farmer's market income | - | 3,100 | - |
| Other income | - | 10,423 | - |
| | <u>93,300</u> | <u>128,094</u> | <u>60,033</u> |
| Expenses | | | |
| Administration | - | 662 | 388 |
| Advertising and promotion | 8,000 | 12,000 | 2,000 |
| Amortization | - | 9,072 | 3,913 |
| Ancaster farmers market | - | 5,097 | - |
| Bad debt | - | 952 | 1,251 |
| Bank charges and interest | 100 | 232 | 12 |
| Beautification | 39,700 | 5,283 | - |
| CIP expenditures | - | 7,522 | 6,533 |
| Contingency | 3,000 | 42 | - |
| Community events support | 10,000 | 7,258 | - |
| Management fees | 15,000 | 15,000 | - |
| Insurance | 3,000 | 5,172 | 1,085 |
| Office expenses | 500 | 2,117 | - |
| Professional fees | 500 | 1,226 | 260 |
| Promotions | 7,500 | - | - |
| Rent | 6,000 | 6,580 | - |
| Utilities | - | 122 | - |
| | <u>93,300</u> | <u>78,337</u> | <u>15,442</u> |
| Annual surplus | \$ _____ | 49,757 | 44,591 |
| Accumulated surplus, beginning of year | | <u>44,591</u> | _____ |
| Accumulated surplus, end of year | | <u>\$ 94,348</u> | <u>\$ 44,591</u> |

See accompanying notes to the financial statements

Ancaster Heritage Village Business Improvement Area Statement of Changes in Net Financial Assets

| Year Ended December 31 | 2010 | 2009 |
|---|------------------|-----------------|
| Annual surplus | \$ 49,757 | \$ 44,591 |
| Acquisition of tangible capital assets | (14,066) | (39,130) |
| Amortization of tangible capital assets | 9,072 | 3,913 |
| Increase in prepaid expenses | <u>(1,129)</u> | <u>(1,420)</u> |
| Change in net financial assets | 43,634 | 7,954 |
| Net financial assets, beginning of year | <u>7,954</u> | <u>-</u> |
| Net financial assets, end of year | <u>\$ 51,588</u> | <u>\$ 7,954</u> |

See accompanying notes to the financial statements

Ancaster Heritage Village Business Improvement Area Statement of Cash Flows

Year ended December 31 2010 2009

Increase (decrease) in cash and cash equivalents

| | | |
|--|------------------|------------------|
| Operating | | |
| Annual surplus | \$ 49,757 | \$ 44,591 |
| Amortization | <u>9,072</u> | <u>3,913</u> |
| | 58,829 | 48,504 |
| Changes in non-cash operating working capital: | | |
| Prepaid expenses | (1,129) | (1,420) |
| Payables and accruals | <u>(22,661)</u> | <u>22,832</u> |
| | 35,039 | 69,916 |
| Investing | | |
| Purchase of tangible capital assets | <u>(14,066)</u> | <u>(39,130)</u> |
| Financing | | |
| Increase in advances from City of Hamilton | <u>(1,736)</u> | <u>1,511</u> |
| Net increase in cash and cash equivalents | 19,237 | 30,786 |
| Cash and cash equivalents, beginning of year | <u>32,297</u> | <u>-</u> |
| Cash and cash equivalents, end of year | <u>\$ 51,534</u> | <u>\$ 32,297</u> |

See accompanying notes to the financial statements

Ancaster Heritage Village Business Improvement Area Notes to the Financial Statements

December 31, 2010

1. Purpose of the organization

Ancaster Heritage Village Improvement Area ("the BIA") was established in 2009 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 Municipality. The BIA is also responsible for the promotion of this improvement area for business and shopping. The BIA is financed by a special levy charged upon businesses in the improvement area.

2. Summary of significant accounting policies

The financial statements of the BIA are prepared by management in accordance with Canadian generally accepted accounting principles for local governments, as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants. Significant aspects of the accounting policies adopted by the BIA are as follows:

Basis of accounting

Revenue and expenses are recorded on the accrual basis. The accrual basis of accounting recognizes revenues as they become available 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.

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.

Tangible capital assets

Tangible capital assets are recorded at cost which includes all 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:

| | |
|-------------------------|----------|
| Decorations/ banners | 5 years |
| Furniture and equipment | 10 years |

Ancaster Heritage Village Business Improvement Area Notes to the Financial Statements

December 31, 2010

2. Summary of significant accounting policies (continued)

Use of estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles 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 reporting period. Actual results may vary from the current estimates. These estimates are reviewed periodically and, as adjustments become necessary, they are reported in operations in the periods in which they become known.

3. Tangible capital assets

Details of the capital assets are:

| | <u>Decorations</u> | <u>Furniture</u> | <u>2010</u> | <u>2009</u> |
|---------------------------------|--------------------|------------------|------------------|------------------|
| Cost | | | | |
| Balance, beginning of year | \$ 39,130 | \$ - | \$ 39,130 | \$ - |
| Additions during the year | <u>10,862</u> | <u>3,204</u> | <u>14,066</u> | <u>39,130</u> |
| Balance, end of year | <u>49,992</u> | <u>3,204</u> | <u>53,196</u> | <u>39,130</u> |
| Accumulated amortization | | | | |
| Balance, beginning of year | 3,913 | - | 3,913 | - |
| Amortization for the year | <u>8,912</u> | <u>160</u> | <u>9,072</u> | <u>3,913</u> |
| Balance, end of year | <u>12,825</u> | <u>160</u> | <u>12,985</u> | <u>3,913</u> |
| Net book value | <u>\$ 37,167</u> | <u>\$ 3,044</u> | <u>\$ 40,211</u> | <u>\$ 35,217</u> |

4. Related party transactions

During the year, the BIA recorded the following transactions with the City of Hamilton:

| | <u>2010</u> | <u>2009</u> |
|--|-------------|-------------|
| Revenues: | | |
| Member levy collected on behalf of the BIA | \$ 92,049 | \$ 53,500 |

The City of Hamilton has also contributed \$7,522 (2009 - \$6,533) to commercial improvement programs undertaken by the BIA.

Ancaster Heritage Village Business Improvement Area Notes to the Financial Statements

December 31, 2010

6. Financial instruments

The BIA's financial instruments consist of cash and payables and accruals. It is management's opinion that the BIA is not exposed to significant interest rate risk arising from these financial instruments. The fair values of these financial instruments approximate their carrying values.

The BIA's revenues are dependent on commercial property tax levies and bad debts have not been significant. As such, concentrations of credit risk are considered to be minimal.

7. Accumulated surplus

| | <u>2010</u> | <u>2009</u> |
|----------------------------|------------------|------------------|
| Invested in capital assets | \$ 40,210 | \$ 35,217 |
| Surplus | <u>44,776</u> | <u>9,374</u> |
| Accumulated surplus | <u>\$ 84,986</u> | <u>\$ 44,591</u> |



Financial Statements

Barton Village Business Improvement Area

December 31, 2010

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Independent auditor's report

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

We have audited the accompanying financial statements of Barton Village Business Improvement Area ("the Organization"), which comprise the statement of financial position as at December 31, 2010, and the statement of operations, changes in net financial assets and cash flow for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Organization's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Organization as at December 31, 2010, and the results of its operations for the year then ended in accordance with Canadian public sector accounting standards.

Emphasis of matter

Without modifying our report we draw attention to the budget figures which are provided for comparative purposes only. They have not been subject to audit procedures. Accordingly, we do not express an opinion on the budget figures.

Grant Thornton LLP

Hamilton, Canada
May 31, 2011

Chartered Accountants
Licensed Public Accountants

Barton Village Business Improvement Area Statement of Financial Position

| December 31 | 2010 | 2009 |
|-------------------------------------|------------------|------------------|
| Financial assets | | |
| Cash and cash equivalents | \$ 17,225 | \$ 4,180 |
| Due from City of Hamilton | - | 11,621 |
| | <u>17,225</u> | <u>15,801</u> |
| Liabilities | | |
| Payables and accruals | 717 | 252 |
| Deferred revenue | 1,054 | 1,054 |
| Due to City of Hamilton | 136 | - |
| | <u>1,907</u> | <u>1,306</u> |
| Net financial assets | <u>15,318</u> | <u>14,495</u> |
| Non-financial assets | | |
| Tangible capital assets (Note 3) | 12,037 | 7,766 |
| Prepaid expenses | 169 | 197 |
| | <u>12,206</u> | <u>7,963</u> |
| Accumulated surplus (Note 6) | <u>\$ 27,524</u> | <u>\$ 22,458</u> |

On behalf of the Board

Director

Director

See accompanying notes to the financial statements

Barton Village Business Improvement Area Statement of Operations

| Year Ended December 31 | 2010 Budget | 2010 Actual | 2009 |
|--|----------------|------------------|------------------|
| | (Unaudited) | | |
| Revenue | | | |
| Assessment levy | \$ 46,630 | \$ 46,998 | \$ 43,024 |
| City of Hamilton grants | - | 5,680 | 1,749 |
| CIP grant | - | - | 5,176 |
| Advertising income | - | 3,000 | 4,000 |
| Interest income | - | 2 | 2 |
| | <u>46,630</u> | <u>55,680</u> | <u>53,951</u> |
| Expenses | | | |
| Advertising and promotion | 3,750 | 1,843 | 3,335 |
| Amortization | - | 1,885 | 2,170 |
| Bad debts | 932 | 1,114 | 47 |
| Commercial improvement | - | 5,070 | 5,176 |
| Event equipment and supplies | 4,900 | 8,138 | 4,270 |
| Insurance | 1,300 | 1,187 | 1,296 |
| Meetings | 1,370 | 1,619 | 1,257 |
| Memberships | 100 | 100 | - |
| Miscellaneous | - | 25 | 1,528 |
| Office expense | 1,428 | 1,583 | 1,128 |
| Professional fees | 450 | 1,434 | 540 |
| Rent | 6,000 | 6,000 | 6,000 |
| Repairs and maintenance | 9,200 | 2,724 | 4,569 |
| Research and development | 2,200 | 1,994 | - |
| Salaries - administrative | 15,000 | 15,898 | 14,400 |
| | <u>46,630</u> | <u>50,614</u> | <u>45,716</u> |
| Annual surplus | \$ - | 5,066 | 8,235 |
| Accumulated surplus, beginning of year | | <u>22,458</u> | <u>14,223</u> |
| Accumulated surplus, end of year | | <u>\$ 27,524</u> | <u>\$ 22,458</u> |

See accompanying notes to the financial statements

Barton Village Business Improvement Area Statement of Changes in Net Financial Assets

| Year Ended December 31 | 2010 | 2009 |
|---|------------------|------------------|
| Annual surplus | \$ 5,066 | \$ 8,235 |
| Acquisition of tangible capital assets | (6,156) | (6,395) |
| Amortization of tangible capital assets | 1,885 | 2,170 |
| Loss on disposal | - | 552 |
| | <u>795</u> | <u>4,562</u> |
| Decrease in prepaid expenses | <u>28</u> | <u>613</u> |
| Change in net financial assets | <u>823</u> | <u>5,175</u> |
| Net financial assets, beginning of year | <u>14,495</u> | <u>9,320</u> |
| Net financial assets, end of year | <u>\$ 15,318</u> | <u>\$ 14,495</u> |

See accompanying notes to the financial statements

Barton Village Business Improvement Area Statement of Cash Flows

| Year ended December 31 | 2010 | 2009 |
|---|------------------|-----------------|
| Increase (decrease) in cash and cash equivalents | | |
| Operating | | |
| Annual surplus | \$ 5,066 | \$ 8,235 |
| Amortization | 1,885 | 2,170 |
| Loss on disposal | - | 552 |
| | <u>6,951</u> | <u>10,957</u> |
| Changes in non-cash operating working capital: | | |
| Prepaid expenses | 28 | 613 |
| Payables and accruals | 465 | (3,884) |
| Deferred revenue | - | (737) |
| | <u>7,444</u> | <u>6,949</u> |
| Investing | | |
| Purchase of tangible capital assets | <u>(6,156)</u> | <u>(6,395)</u> |
| Financing | | |
| Advances from (repayment to) City of Hamilton, net | <u>11,757</u> | <u>(11,619)</u> |
| Net increase (decrease) in cash and cash equivalents | 13,045 | (11,065) |
| Cash and cash equivalents, beginning of year | <u>4,180</u> | <u>15,245</u> |
| Cash and cash equivalents, end of year | <u>\$ 17,225</u> | <u>\$ 4,180</u> |

See accompanying notes to the financial statements

Barton Village Business Improvement Area Notes to the Financial Statements

December 31, 2010

1. Purpose of the Business Improvement Area

The Barton Village Business Improvement Area ("the Organization") was established 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 Organization is also responsible for the promotion of this improvement area for business and shopping.

The Organization is financed by a special levy charged upon businesses in the improvement area.

2. Summary of significant accounting policies

The financial statements of the Barton Village Organization are prepared by management in accordance with Canadian generally accepted accounting principles for local governments, as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants. Significant aspects of the accounting policies adopted by the organization are as follows:

Basis of accounting

Revenue and expenses are recorded on the accrual basis. The accrual basis of accounting recognizes revenues as they become available 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.

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.

Tangible capital assets

Tangible capital assets are recorded at cost which includes all 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:

| | |
|-------------------------|----------|
| Computer hardware | 5 years |
| Decorations | 5 years |
| Furniture and equipment | 10 years |

Comparative figures

Certain of the comparative figures have been reclassified to conform with the presentation adopted in the current year.

Barton Village Business Improvement Area Notes to the Financial Statements

December 31, 2010

2. Summary of significant accounting policies (continued)

Use of estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles 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 reporting period. Actual results may vary from the current estimates. These estimates are reviewed periodically and, as adjustments become necessary, they are reported in earnings in the periods in which they become known.

3. Tangible capital assets

| | Computer Hardware | Furniture and Equipment | Decorations | 2010 | 2009 |
|---------------------------------|----------------------|-------------------------------|-----------------|------------------|-----------------|
| Cost | | | | | |
| Balance, beginning of year | \$ 734 | \$ 2,702 | \$ 6,313 | \$ 9,749 | \$ 4,458 |
| Additions during the year | - | - | 6,156 | 6,156 | 6,395 |
| Asset written off | - | - | - | - | (1,104) |
| Balance, end of year | <u>734</u> | <u>2,702</u> | <u>12,469</u> | <u>15,905</u> | <u>9,749</u> |
| Accumulated amortization | | | | | |
| Balance, beginning of year | 147 | 555 | 1,281 | 1,983 | 365 |
| Amortization for the year | 147 | 270 | 1,468 | 1,885 | 2,170 |
| Asset written off | - | - | - | - | (552) |
| Balance, end of year | <u>294</u> | <u>822</u> | <u>2,749</u> | <u>3,868</u> | <u>1,983</u> |
| Net book value | <u>\$ 440</u> | <u>\$ 1,880</u> | <u>\$ 9,720</u> | <u>\$ 12,037</u> | <u>\$ 7,766</u> |

4. Related party transaction

During the year, the Organization recorded the following transactions with the City of Hamilton:

| Revenues | 2010 | 2009 |
|--|------------------|------------------|
| Member levy collected on behalf of the Barton Village BIA | <u>\$ 46,998</u> | <u>\$ 43,024</u> |

The City of Hamilton has also contributed \$5,070 (2009 - \$5,176) to commercial improvement programs undertaken by the Organization, and \$610 (2009 - \$435) in other grants.

During the year, the Organization rented office space from a Board member in the amount of \$6,000 (2009 - \$6,000).

Barton Village Business Improvement Area Notes to the Financial Statements

December 31, 2010

5. Financial instruments

The Organization's financial instruments consist of cash, accounts receivable and payables and accruals. It is management's opinion that the organization is not exposed to significant interest rate risk arising from these financial instruments. The fair values of these financial instruments approximate their carrying values.

6. Accumulated surplus

| | <u>2010</u> | <u>2009</u> |
|----------------------------|------------------|------------------|
| Invested in capital assets | \$ 12,037 | \$ 7,766 |
| Surplus | <u>15,487</u> | <u>14,692</u> |
| Accumulated surplus | <u>\$ 27,524</u> | <u>\$ 22,458</u> |



Financial Statements

Concession Street Business Improvement Area

December 31, 2010

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Independent auditor's report

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www.GrantThornton.ca

To 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

We have audited the accompanying financial statements of Concession Street Business Improvement Area ("the Organization"), which comprise the statement of financial position as at December 31, 2010, and the statement of operations, changes in net financial assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Organization's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Organization as at December 31, 2010, and the results of its operations for the year then ended in accordance with Canadian public sector accounting standards.

Emphasis of matter

Without modifying our report we draw attention to the budget figures which are provided for comparative purposes only. They have not been subject to audit procedures. Accordingly, we do not express an opinion on the budget figures.

Hamilton, Canada

Chartered Accountants
Licensed Public Accountants

Concession Street Business Improvement Area Statement of Financial Position

As At December 31

2010

2009

Assets

| | | |
|---------------------------|------------------|------------------|
| Cash and cash equivalents | \$ <u>13,302</u> | \$ <u>21,592</u> |
|---------------------------|------------------|------------------|

Liabilities

| | | |
|-------------------------------|--------------|------------|
| Accounts payable and accruals | 500 | 629 |
| Due to City of Hamilton | <u>1,087</u> | <u>30</u> |
| | <u>1,587</u> | <u>659</u> |

Net financial assets

| | | |
|--|---------------|---------------|
| | <u>11,715</u> | <u>20,933</u> |
|--|---------------|---------------|

Non-financial assets

| | | |
|----------------------------------|---------------|--------------|
| Tangible capital assets (Note 3) | 13,102 | 5,663 |
| Inventory | 312 | 312 |
| Prepaid expenses | <u>282</u> | <u>324</u> |
| | <u>13,696</u> | <u>6,299</u> |

Accumulated surplus (Note 6)

| | | |
|--|------------------|------------------|
| | <u>\$ 25,411</u> | <u>\$ 27,232</u> |
|--|------------------|------------------|

On behalf of the Board

| | |
|----------------|----------------|
| _____ Director | _____ Director |
|----------------|----------------|

See accompanying notes to the financial statements

Concession Street Business Improvement Area Statement of Operations

| Year Ended December 31 | 2010 Budget | 2010 Actual | 2009 Actual |
|--|--------------------|------------------|------------------|
| | (Unaudited) | | |
| Revenue | | | |
| Assessment levy | \$ 78,750 | \$ 80,037 | \$ 78,610 |
| City of Hamilton grants | - | 9,235 | 11,065 |
| Fundraising | - | 2,067 | 2,815 |
| Miscellaneous | - | - | 150 |
| | <u>78,750</u> | <u>91,339</u> | <u>92,640</u> |
| Expenses | | | |
| Audit fees | 500 | 941 | 400 |
| Amortization | - | 3,679 | 2,618 |
| Bad debts | 12,500 | 2,374 | 31 |
| Beautification | 16,600 | 23,899 | 22,945 |
| Christmas decorations | 9,200 | 3,560 | 8,243 |
| Commercial improvement program | - | 5,807 | 6,211 |
| Festival | - | 3,559 | 6,340 |
| Insurance | 3,500 | 3,329 | 3,345 |
| Miscellaneous | 800 | 3,204 | 1,360 |
| Office | 13,200 | 9,043 | 8,090 |
| Promotion | 9,700 | 11,564 | 9,356 |
| Repairs and maintenance | - | - | 630 |
| Wages | <u>24,000</u> | <u>22,200</u> | <u>22,200</u> |
| | <u>90,000</u> | <u>93,160</u> | <u>91,769</u> |
| Annual (deficit) surplus | \$ <u>(11,250)</u> | (1,821) | 871 |
| Accumulated surplus, beginning of year | | <u>27,232</u> | <u>26,361</u> |
| Accumulated surplus, end of year | | \$ 25,411 | \$ 27,232 |

See accompanying notes to the financial statements

Concession Street Business Improvement Area Statement of Changes in Net Financial Assets

| Year Ended December 31 | 2010 | 2009 |
|---|------------------|------------------|
| Annual (deficit) surplus | \$ (1,821) | \$ 871 |
| Acquisition of tangible capital assets | (11,118) | - |
| Amortization of tangible capital assets | <u>3,679</u> | <u>2,618</u> |
| | (9,260) | 3,489 |
| Decrease in prepaid expenses | <u>42</u> | <u>55</u> |
| Change in net financial assets | (9,218) | 3,545 |
| Net financial assets, beginning of year | <u>20,933</u> | <u>17,389</u> |
| Net financial assets, end of year | <u>\$ 11,715</u> | <u>\$ 20,933</u> |

See accompanying notes to the financial statements

Concession Street Business Improvement Area Statement of Cash Flows

Year ended December 31

2010

2009

Increase (decrease) in cash and cash equivalents

| | | |
|--|------------------|------------------|
| Operating | | |
| Annual (deficit) surplus | \$ (1,821) | \$ 871 |
| Amortization | <u>3,679</u> | <u>2,618</u> |
| | <u>1,858</u> | <u>3,489</u> |
| Changes in non-cash operating working capital: | | |
| Accounts receivable | - | 734 |
| Prepaid expenses | 42 | 56 |
| Accounts payable and accruals | <u>(129)</u> | <u>(135)</u> |
| | <u>1,771</u> | <u>4,144</u> |
| Investing | | |
| Purchase of tangible capital assets | <u>(11,118)</u> | <u>-</u> |
| Financing | | |
| Increase in advances from City of Hamilton | <u>1,057</u> | <u>30</u> |
| Net (decrease) increase in cash and cash equivalents | (8,290) | 4,174 |
| Cash and cash equivalents, beginning of year | <u>21,592</u> | <u>17,418</u> |
| Cash and cash equivalents, end of year | \$ 13,302 | \$ 21,592 |

Concession Street Business Improvement Area Notes to the Financial Statements

December 31, 2010

1. Purpose of the organization

The Concession Street Business Improvement Area (BIA) was established in 1983 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 Municipality. The Concession Street BIA is also responsible for the promotion of this improvement area for business and shopping. The Concession Street BIA is financed by a special levy charged upon businesses in the improvement area.

2. Summary of significant accounting policies

The financial statements of the Concession Street BIA are prepared by management in accordance with Canadian generally accepted accounting principles for local governments, as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants. Significant aspects of the accounting policies adopted by the BIA are as follows:

Basis of accounting

Revenue and expenses are recorded on the accrual basis. The accrual basis of accounting recognizes revenues as they become available 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.

Tangible capital assets

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

| | |
|-------------------------|----------|
| Computer hardware | 5 years |
| Computer software | 3 years |
| Decorations | 5 years |
| Furniture and equipment | 10 years |

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.

Comparative figures

Certain of the comparative figures have been reclassified to conform with the presentation adopted in the current year.

Concession Street Business Improvement Area Notes to the Financial Statements

December 31, 2010

2. Summary of significant accounting policies (continued)

Use of estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles 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 reporting period. Actual results may vary from the current estimates. These estimates are reviewed periodically and, as adjustments become necessary, they are reported in earnings in the periods in which they become known.

3. Tangible capital assets

Details of the capital assets are:

| | Computer hardware | Computer software | Decor | Furniture/ equipment | 2010 | 2009 |
|---------------------------------|----------------------|----------------------|------------------|-------------------------|------------------|-----------------|
| Cost | | | | | | |
| Balance, beginning of year | \$ 1,676 | \$ 490 | \$ 10,600 | \$ - | \$ 12,766 | \$ 12,766 |
| Additions during the year | - | - | 10,093 | 1,025 | 11,118 | - |
| Balance, end of year | <u>1,676</u> | <u>490</u> | <u>20,693</u> | <u>1,025</u> | <u>23,884</u> | <u>12,766</u> |
| Accumulated amortization | | | | | | |
| Balance, beginning of year | 447 | 204 | 6,452 | - | 7,103 | 4,485 |
| Amortization for the year | <u>335</u> | <u>163</u> | <u>3,129</u> | <u>51</u> | <u>3,679</u> | <u>2,618</u> |
| Balance, end of year | <u>782</u> | <u>367</u> | <u>9,582</u> | <u>51</u> | <u>10,782</u> | <u>7,103</u> |
| Net book value | \$ <u>894</u> | \$ <u>123</u> | \$ <u>11,111</u> | \$ <u>974</u> | \$ <u>13,102</u> | \$ <u>5,663</u> |

4. Related party transactions

During the year, the Organization recorded the following transactions with the City of Hamilton:

| Revenues | 2010 | 2009 |
|---|------------------|------------------|
| Member levy collected on behalf of the Concession Street BIA | <u>\$ 78,750</u> | <u>\$ 78,610</u> |

The City of Hamilton has also contributed \$5,807 (2009 - \$6,211) to commercial improvement programs undertaken by the Organization, and \$3,428 (2008 - \$4,854) in other grants.

Concession Street Business Improvement Area Notes to the Financial Statements

December 31, 2010

5. Financial instruments

The Organization's financial instruments consist of cash and cash equivalents, accounts payable and accruals. It is management's opinion that the Organization is not exposed to significant interest rate risk arising from these financial instruments. The fair values of these financial instruments approximate their carrying values.

The Organization's revenues are dependent on commercial property tax levies and bad debts have not been significant. As such, concentrations of credit risk are considered to be minimal.

6. Accumulated surplus

| | <u>2010</u> | <u>2009</u> |
|----------------------------|------------------|------------------|
| Invested in capital assets | \$ 13,102 | \$ 5,663 |
| Surplus | <u>12,309</u> | <u>21,569</u> |
| Accumulated surplus | <u>\$ 25,411</u> | <u>\$ 27,232</u> |



Financial Statements

Downtown Hamilton Business Improvement Area

December 31, 2010

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Independent auditor's report

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To 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

We have audited the accompanying financial statements of Downtown Hamilton Business Improvement Area ("the Organization"), which comprise the statement of financial position as at December 31, 2010, and the statement of operations, changes in net financial assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Organization's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Organization as at December 31, 2010, and the results of its operations for the year then ended in accordance with Canadian public sector accounting standards.

Emphasis of matter

Without modifying our report we draw attention to the budget figures which are provided for comparative purposes only. They have not been subject to audit procedures. Accordingly, we do not express an opinion on the budget figures.



Hamilton, Canada
May 18, 2011

Chartered Accountants
Licensed Public Accountants

Downtown Hamilton Business Improvement Area Statement of Financial Position

| December 31 | 2010 | 2009 |
|-------------------------------------|-------------------|-------------------|
| Financial assets | | |
| Cash and cash equivalents | \$ 39,319 | \$ 70,357 |
| Accounts receivable | 35,305 | 15,523 |
| Due from City of Hamilton | <u>6,198</u> | <u>705</u> |
| | <u>80,822</u> | <u>86,585</u> |
| Liabilities | | |
| Payables and accruals | <u>14,684</u> | <u>13,944</u> |
| Net financial assets | <u>66,138</u> | <u>72,641</u> |
| Non-financial assets | | |
| Tangible capital assets (Note 3) | 51,189 | 55,587 |
| Prepaid expenses | <u>3,230</u> | <u>3,030</u> |
| | <u>54,419</u> | <u>58,617</u> |
| Accumulated surplus (Note 7) | <u>\$ 120,557</u> | <u>\$ 131,258</u> |

Commitments (Note 6)

On behalf of the Board

Director

Director

See accompanying notes to the financial statements

Downtown Hamilton Business Improvement Area Statement of Operations

| Year Ended December 31 | 2010 Budget (Unaudited) | 2010 Actual | 2009 Actual |
|--|-------------------------------|--------------------------|-------------------|
| Revenue | | | |
| Assessment levy | \$ 238,000 | \$ 242,006 | \$ 239,378 |
| City of Hamilton grants | 4,000 | 3,704 | 3,479 |
| Federal grant | 1,000 | 4,021 | 3,778 |
| Interest | 300 | 26 | 96 |
| Other income | <u>18,000</u> | <u>39,536</u> | <u>28,371</u> |
| | <u>261,300</u> | <u>289,293</u> | <u>275,102</u> |
| Expenses | | | |
| Administration | 10,000 | 9,444 | 6,330 |
| Amortization | - | 20,862 | 17,831 |
| Bad debt | 5,000 | 5,162 | 673 |
| Beautification | 60,000 | 20,505 | 14,566 |
| CIP expenditures | - | 3,704 | 3,979 |
| Miscellaneous | 1,000 | - | 66 |
| Office expenses | 45,000 | 41,222 | 34,675 |
| Professional fees | 3,000 | 3,336 | 2,200 |
| Promotions | 88,000 | 127,592 | 93,134 |
| Salaries | <u>70,000</u> | <u>68,167</u> | <u>66,184</u> |
| | <u>282,000</u> | <u>299,994</u> | <u>239,638</u> |
| Annual (deficit) surplus | <u>\$ (20,700)</u> | <u>(10,701)</u> | 35,464 |
| Accumulated surplus, beginning of year | | <u>131,258</u> | <u>95,794</u> |
| Accumulated surplus, end of year | | <u>\$ 120,557</u> | <u>\$ 131,258</u> |

See accompanying notes to the financial statements

Downtown Hamilton Business Improvement Area

Statement of Changes in Net Financial Assets

| Year Ended December 31 | 2010 | 2009 |
|---|-------------------------|-------------------------|
| Annual (deficit) surplus | \$ (10,701) | \$ 35,464 |
| Acquisition of tangible capital assets | (16,464) | (39,606) |
| Amortization of tangible capital assets | <u>20,862</u> | <u>17,831</u> |
| | (6,303) | 13,689 |
| Increase in prepaid expenses | <u>(200)</u> | <u>-</u> |
| Change in net financial assets | (6,503) | 13,689 |
| Net financial assets, beginning of year | <u>72,641</u> | <u>58,952</u> |
| Net financial assets, end of year | <u>\$ 66,138</u> | <u>\$ 72,641</u> |

See accompanying notes to the financial statements

Downtown Hamilton Business Improvement Area Statement of Cash Flows

| Year ended December 31 | 2010 | 2009 |
|---|------------------|------------------|
| Increase (decrease) in cash and cash equivalents | | |
| Operating | | |
| Annual (deficit) surplus | \$ (10,701) | \$ 35,464 |
| Amortization | 20,862 | 17,831 |
| Changes in non-cash operating working capital: | | |
| Accounts receivable | (19,782) | (10,077) |
| Prepaid expenses | (200) | - |
| Payables and accruals | 740 | (11,225) |
| | <u>(9,081)</u> | <u>31,993</u> |
| Investing | | |
| Purchase of tangible capital assets | <u>(16,464)</u> | <u>(39,606)</u> |
| Financing | | |
| (Increase in) repayment of advances from City of Hamilton | <u>(5,493)</u> | <u>435</u> |
| Net decrease in cash and cash equivalents | (31,038) | (7,178) |
| Cash and cash equivalents, beginning of year | <u>70,357</u> | <u>77,535</u> |
| Cash and cash equivalents, end of year | <u>\$ 39,319</u> | <u>\$ 70,357</u> |

See accompanying notes to the financial statements

Downtown Hamilton Business Improvement Area Notes to the Financial Statements

December 31, 2010

1. Purpose of the organization

Downtown Hamilton Business Improvement Area ("the Organization") was established in 1982 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 Municipality. The Organization is also responsible for the promotion of this improvement area for business and shopping. The Organization is financed by a special levy charged upon businesses in the improvement area.

2. Summary of significant accounting policies

The financial statements of the Organization are prepared by management in accordance with Canadian generally accepted accounting principles for local governments, as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants. Significant aspects of the accounting policies adopted by the Organization are as follows:

Basis of accounting

Revenue and expenses are recorded on the accrual basis. The accrual basis of accounting recognizes revenues as they become available 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.

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.

Tangible capital assets

Tangible capital assets are recorded at cost which includes all 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:

| | |
|-------------------------|----------|
| Computer hardware | 5 years |
| Computer software | 3 years |
| Decorations/ banners | 5 years |
| Furniture and equipment | 10 years |

Downtown Hamilton Business Improvement Area Notes to the Financial Statements

December 31, 2010

2. Summary of significant accounting policies (continued)

Use of estimates

The preparation of financial statements in conformity with Canadian public sector accounting standards 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 reporting period. Actual results may vary from the current estimates. These estimates are reviewed periodically and, as adjustments become necessary, they are reported in operations in the periods in which they become known.

3. Tangible capital assets

Details of the capital assets are:

| | Computer hardware | Computer software | Banners/ decor | Furniture/ equipment | 2010 | 2009 |
|---------------------------------|----------------------|----------------------|-------------------|-------------------------|------------------|------------------|
| Cost | | | | | | |
| Balance, beginning of year | \$ 2,304 | \$ 206 | \$ 68,832 | \$ 35,352 | \$ 106,694 | \$ 67,088 |
| Additions during the year | 198 | - | 13,645 | 2,621 | 16,464 | 39,606 |
| Balance, end of year | <u>2,502</u> | <u>206</u> | <u>82,477</u> | <u>37,973</u> | <u>123,158</u> | <u>106,694</u> |
| Accumulated amortization | | | | | | |
| Balance, beginning of year | 1,162 | 138 | 46,118 | 3,689 | 51,107 | 33,276 |
| Amortization for the year | 501 | 68 | 16,495 | 3,798 | 20,862 | 17,831 |
| Balance, end of year | <u>1,663</u> | <u>206</u> | <u>62,613</u> | <u>7,487</u> | <u>71,969</u> | <u>51,107</u> |
| Net book value | <u>\$ 839</u> | <u>\$ -</u> | <u>\$ 19,864</u> | <u>\$ 30,486</u> | <u>\$ 51,189</u> | <u>\$ 55,587</u> |

4. Related party transaction

During the year, the Organization recorded the following transactions with the City of Hamilton:

| Revenues | 2010 | 2009 |
|---|-------------------|-------------------|
| Member levy collected on behalf of the Downtown Hamilton BIA | <u>\$ 242,006</u> | <u>\$ 239,378</u> |

The City of Hamilton has also contributed \$3,704 (2009 - \$3,479) to commercial improvement programs undertaken by the Organization, and \$976 (2009 - \$Nil) in other grants.

Downtown Hamilton Business Improvement Area Notes to the Financial Statements

December 31, 2010

5. Financial instruments

The Organization's financial instruments consist of cash and cash equivalents, accounts receivable and payables and accruals. It is management's opinion that the Organization is not exposed to significant interest rate risk arising from these financial instruments. The fair values of these financial instruments approximate their carrying values.

The Organization's revenues are dependent on commercial property tax levies and bad debts have not been significant. As such, concentrations of credit risk are considered to be minimal.

6. Commitments

The Organization is committed under a long-term operating lease for the rental of office space. Future minimum lease payments under this operating lease are as follows:

| | |
|------|-----------|
| 2011 | \$ 14,780 |
| 2012 | 14,780 |
| 2013 | 14,780 |
| 2014 | 12,316 |

7. Accumulated surplus

| | <u>2010</u> | <u>2009</u> |
|----------------------------|-------------------|-------------------|
| Invested in capital assets | \$ 51,189 | \$ 55,587 |
| Surplus | <u>69,368</u> | <u>75,671</u> |
| Accumulated surplus | <u>\$ 120,557</u> | <u>\$ 131,258</u> |



Financial Statements

Dundas Business Improvement Area

December 31, 2010

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Independent auditor's report

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

We have audited the accompanying financial statements of Dundas Business Improvement Area ("the Organization"), which comprise the statement of financial position as at December 31, 2010, and the statement of operations, changes in net financial assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Organization's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Basis for qualified opinion

The Organization derives revenue from fundraising events, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Organization and we were not able to determine whether any adjustments might be necessary to revenues, the annual surplus, and accumulated surplus.

Qualified opinion

In our opinion, except for the effects of the matter described in the *Basis for qualified opinion* paragraph, the financial statements present fairly, in all material respects, the financial position of the Organization as at December 31, 2010, and the results of its operations for the year then ended in accordance with Canadian public sector accounting standards.

Emphasis of matter

Without modifying our report we draw attention to the budget figures which are provided for comparative purposes only. They have not been subject to audit procedures. Accordingly, we do not express an opinion on the budget figures.

Hamilton, Canada
April 19, 2011



Chartered Accountants
Licensed Public Accountants

Dundas Business Improvement Area Statement of Financial Position

As At December 31

2010

2009

Financial assets

| | | |
|-----------------------|---------------|---------------|
| Marketable securities | \$ 73,401 | \$ 73,228 |
| Receivables | <u>24,759</u> | <u>24,434</u> |
| | <u>98,160</u> | <u>97,662</u> |

Liabilities

| | | |
|-------------------------|--------------|---------------|
| Bank indebtedness | 6,266 | 1,267 |
| Payables and accruals | 1,000 | 21,518 |
| Due to City of Hamilton | <u>-</u> | <u>1,049</u> |
| | <u>7,266</u> | <u>23,834</u> |

Net financial assets

| | |
|---------------|---------------|
| <u>90,894</u> | <u>73,828</u> |
|---------------|---------------|

Non-financial assets

| | | |
|----------------------------------|---------------|---------------|
| Tangible capital assets (Note 3) | 16,837 | 26,734 |
| Prepaid expense | <u>452</u> | <u>672</u> |
| | <u>17,289</u> | <u>27,406</u> |

Accumulated surplus

| | |
|-------------------|-------------------|
| <u>\$ 108,183</u> | <u>\$ 101,234</u> |
|-------------------|-------------------|

Commitments (Note 6)

On behalf of the Board

Director

Director

See accompanying notes to the financial statements

Dundas Business Improvement Area Statement of Operations

| Year Ended December 31 | 2010 Budget | 2010 Actual | 2009 Actual |
|--|--------------------|-------------------|-------------------|
| (unaudited) | | | |
| Revenue | | | |
| Assessment levy | \$ 100,000 | \$ 100,000 | \$ 100,000 |
| City of Hamilton grants | - | 17,386 | 11,971 |
| Donations | 4,000 | - | 7,100 |
| Interest | 300 | 253 | 473 |
| Buskerfest revenue | 73,750 | 62,988 | 56,102 |
| Buskerfest sponsorship – in kind (Note 4) | 55,000 | 60,271 | 6,500 |
| Farmers market | - | - | 10,090 |
| Other revenue | 3,000 | 5,996 | 6,692 |
| | <u>236,050</u> | <u>246,894</u> | <u>198,928</u> |
| Expenses | | | |
| Advertising and promotion | 64,000 | 68,820 | 65,746 |
| Amortization | - | 9,898 | 9,969 |
| Bad debts | 2,000 | 1,192 | 1,049 |
| Buskerfest expenses | 74,000 | 60,811 | 59,783 |
| Buskerfest other – in kind (Note 4) | 55,000 | 60,271 | 6,500 |
| Commercial improvement | - | 11,398 | 11,971 |
| Contract services | 26,000 | 4,100 | 28,000 |
| Dues and subscriptions | - | 2,805 | 131 |
| Farmers market | - | - | 10,090 |
| General beautification and improvements | 35,000 | 10,691 | 7,638 |
| Grants | - | 1,000 | - |
| Insurance | 3,000 | 2,978 | 2,896 |
| Office and general | 2,000 | 1,648 | 1,312 |
| Member recognition and meetings | 3,000 | - | 2,884 |
| Professional fees | 3,000 | 3,195 | 1,350 |
| Research and development | 10,000 | 1,138 | 4,057 |
| | <u>277,000</u> | <u>239,945</u> | <u>213,376</u> |
| Annual surplus (deficit) | \$ <u>(40,950)</u> | 6,949 | (14,448) |
| Accumulated surplus, beginning of year | | <u>101,234</u> | <u>115,682</u> |
| Accumulated surplus, end of year | | \$ 108,183 | \$ 101,234 |

See accompanying notes to the financial statements

Dundas Business Improvement Area

Statement of Changes in Net Financial Assets

| Year Ended December 31 | 2010 | 2009 |
|---|-------------------------|--------------------|
| Annual surplus (deficit) | \$ 6,949 | \$ (14,448) |
| Amortization of tangible capital assets | <u>9,897</u> | <u>9,969</u> |
| | 16,846 | <u>4,479</u> |
| Decrease (increase) in prepaid expenses | <u>220</u> | <u>(18)</u> |
| Change in net financial assets | <u>17,066</u> | <u>(4,497)</u> |
| Net financial assets, beginning of year | <u>73,828</u> | <u>78,325</u> |
| Net financial assets, end of year | <u>\$ 90,894</u> | <u>\$ 73,828</u> |

See accompanying notes to the financial statements

Dundas Business Improvement Area Statement of Cash Flows

Year ended December 31

2010

2009

Increase (decrease) in cash and cash equivalents

Operating

| | | |
|--|-----------------|-----------------|
| Annual surplus (deficit) | \$ 6,949 | \$ (14,448) |
| Amortization | <u>9,897</u> | <u>9,969</u> |
| | 16,846 | (4,479) |
| Changes in non-cash operating working capital: | | |
| Marketable securities | (173) | 4,731 |
| Receivables | (325) | (20,332) |
| Prepaid expenses | 220 | (18) |
| Payables and accruals | <u>(20,518)</u> | <u>4,567</u> |
| | <u>(3,950)</u> | <u>(15,531)</u> |

Financing

| | | |
|--|----------------|----------------|
| Repayment of advances from City of Hamilton | <u>(1,049)</u> | <u>(1,958)</u> |
|--|----------------|----------------|

Net decrease in cash and cash equivalents (4,999) (17,489)

Cash and cash equivalents, net of bank indebtedness

| | | |
|-------------------|-------------------|-------------------|
| Beginning of year | <u>(1,267)</u> | <u>16,222</u> |
| End of year | \$ <u>(6,266)</u> | \$ <u>(1,267)</u> |

See accompanying notes to the financial statements

Dundas Business Improvement Area

Notes to the Financial Statements

December 31, 2010

1. Purpose of the organization

The Dundas Business Improvement Area ("the Organization") was established in 1978 by the Council of the former Town of Dundas 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 Municipality. The Organization is also responsible for the promotion of this improvement area for business and shopping. The Organization is financed by a special levy charged upon businesses in the improvement area.

2. Summary of significant accounting policies

The financial statements of the Organization are prepared by management in accordance with Canadian generally accepted accounting principles for local governments, as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants. Significant aspects of the accounting policies adopted by the Organization are as follows:

Basis of accounting

Revenue and expenses are recorded on the accrual basis. The accrual basis of accounting recognizes revenues as they become available 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.

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.

Tangible capital assets

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

| | |
|-------------------------|----------|
| Decorations | 5 years |
| Furniture and equipment | 10 years |
| Computer software | 3 years |

Comparative figures

Certain of the comparative figures have been reclassified to conform with the presentation adopted in the current year.

Dundas Business Improvement Area Notes to the Financial Statements

December 31, 2010

2. Summary of significant accounting policies (continued)

Use of estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles 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 reporting period. Actual results may vary from the current estimates. These estimates are reviewed periodically and, as adjustments become necessary, they are reported in earnings in the periods in which they become known.

3. Tangible capital assets

| | Computer Software | Office Furniture | Decorations | 2010 | 2009 |
|---------------------------------|----------------------|---------------------|-----------------|------------------|------------------|
| Cost | | | | | |
| Balance, beginning of year | \$ 426 | \$ 13,140 | \$ 42,564 | \$ 56,130 | \$ 56,130 |
| Additions during the year | - | - | - | - | - |
| Balance, end of year | <u>426</u> | <u>13,140</u> | <u>42,564</u> | <u>56,130</u> | <u>56,130</u> |
| Accumulated amortization | | | | | |
| Balance, beginning of year | 355 | 4,231 | 24,810 | 29,396 | 19,427 |
| Amortization for the year | <u>71</u> | <u>1,314</u> | <u>8,512</u> | <u>9,897</u> | <u>9,969</u> |
| Balance, end of year | <u>426</u> | <u>5,545</u> | <u>33,322</u> | <u>39,293</u> | <u>29,396</u> |
| Net book value | \$ <u>-</u> | \$ <u>7,595</u> | \$ <u>9,242</u> | \$ <u>16,837</u> | \$ <u>26,734</u> |

4. Sponsorship

Donated service, which would otherwise be paid for by the Organization is recorded at fair value when provided. The value of the donation in-kind, as determined by the donors, amounted to \$60,271 (2009 - \$6,500) and has been included in sponsorship in-kind and Buskerfest other in-kind expenses for the year.

Dundas Business Improvement Area Notes to the Financial Statements

December 31, 2010

5. Related party transactions

During the year, the Organization recorded the following transactions with the City of Hamilton:

| Revenues | <u>2010</u> | <u>2009</u> |
|--|-------------------|-------------------|
| Member levy collected on behalf of the Dundas BIA | <u>\$ 100,000</u> | <u>\$ 100,000</u> |

The City of Hamilton has also contributed \$11,398 (2009 - \$11,971) to commercial improvement programs undertaken by the Organization and \$5,988 (2009 - \$Nil) in other grants.

6. Commitments

The Organization has entered into contracts for Christmas maintenance. The annual payment under agreement is as follows:

| | |
|------|----------|
| 2011 | \$ 7,797 |
| 2012 | 7,797 |

7. Financial instruments

The Organization's financial instruments consist of cash (bank indebtedness), marketable securities, receivables and payables and accruals. It is management's opinion that the Organization is not exposed to significant interest rate risk arising from these financial instruments. The fair values of these financial instruments approximate their carrying values.

The Organization's revenues are dependent on commercial property tax levies and bad debts have not been significant. As such, concentrations of credit risk are considered to be minimal.

8. Accumulated surplus

| | <u>2010</u> | <u>2009</u> |
|---|-------------------|-------------------|
| Reserves | | |
| Economic development reserve | \$ 24,150 | \$ 24,150 |
| Promotional development reserve | 4,820 | 4,820 |
| Christmas decoration and other beautification projects reserve | <u>43,000</u> | <u>43,000</u> |
| Total reserves | <u>71,970</u> | <u>71,970</u> |
| Invested in capital assets | 16,837 | 26,734 |
| Surplus - General fund | <u>19,376</u> | <u>2,530</u> |
| Accumulated surplus | <u>\$ 108,183</u> | <u>\$ 101,234</u> |



Financial Statements

International Village Business Improvement Area

December 31, 2010

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Independent auditor's report

To 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

Grant Thornton LLP
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We have audited the accompanying financial statements of International Village Business Improvement Area ("the Organization"), which comprise the statement of financial position as at December 31, 2010, and the statement of operations and changes in net financial assets for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Organization's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Organization as at December 31, 2010, and the results of its operations for the year then ended in accordance with Canadian public sector accounting standards.

Other matter

Budget figures are provided for comparative purposes and have not been subject to audit procedures. Accordingly, we do not express any opinion regarding the budget figures.

Hamilton, Canada
May 10, 2011



Chartered Accountants
Licensed Public Accountants

International Village Business Improvement Area Statement of Financial Position

| December 31 | 2010 | 2009 |
|------------------------------------|------------------|-----------------|
| Financial assets | | |
| Cash | \$ 92,154 | \$ 58,098 |
| Note receivable | - | 10,000 |
| Due from City of Hamilton | - | 829 |
| | <u>92,154</u> | <u>68,927</u> |
| Liabilities | | |
| Payables and accruals | 2,357 | 1,313 |
| Due to City of Hamilton | 157 | - |
| Deferred levy revenue | <u>70,000</u> | <u>70,000</u> |
| | <u>72,514</u> | <u>71,313</u> |
| Net financial assets (debt) | <u>19,640</u> | <u>(2,386)</u> |
| Non-financial assets | | |
| Tangible capital assets (Note 3) | <u>13,558</u> | <u>7,378</u> |
| Accumulated surplus | <u>\$ 33,198</u> | <u>\$ 4,992</u> |

Commitments (Note 7)

On behalf of the Board

Director

Director

See accompanying notes to the financial statements

International Village Business Improvement Area Statement of Operations

| Year Ended December 31 | 2010 Budget (Unaudited) | 2010 Actual | 2009 Actual |
|--|-------------------------------|------------------|-----------------|
| Revenue | | | |
| Assessment levy | \$ 140,000 | \$ 140,829 | \$ 143,770 |
| City of Hamilton grant | - | 8,186 | 16,512 |
| Mustard Festival | - | - | 54,353 |
| Sponsorship in-kind (Note 4) | - | - | 38,882 |
| Other | - | 9,499 | 11,480 |
| | <u>140,000</u> | <u>158,514</u> | <u>264,997</u> |
| Expenses | | | |
| Advertising and promotion | 35,000 | 35,936 | 53,105 |
| Advertising and promotion in-kind (Note 4) | - | - | 38,882 |
| Amortization | - | 1,309 | 1,249 |
| Audit fees | 600 | 600 | 887 |
| Bad debts (recovery) | - | 157 | (2,059) |
| Commercial improvement | 4,000 | 8,186 | 9,012 |
| Insurance | 3,000 | 2,675 | 3,384 |
| Interest and bank charges | 800 | 419 | - |
| Miscellaneous | 19,900 | 375 | 657 |
| Mustard Festival | - | - | 59,224 |
| Office | 9,000 | 7,551 | 12,295 |
| Rent | 10,800 | 10,902 | 10,824 |
| Repairs and maintenance | 3,500 | 3,909 | 508 |
| Taxes | 2,500 | - | - |
| Utilities | 2,500 | 3,720 | 3,141 |
| Wages | <u>50,000</u> | <u>54,569</u> | <u>67,340</u> |
| | <u>136,600</u> | <u>130,308</u> | <u>258,449</u> |
| Annual surplus | \$ <u>3,400</u> | 28,206 | 6,548 |
| Accumulated surplus (deficit), beginning of year | | <u>4,992</u> | <u>(1,556)</u> |
| Accumulated surplus, end of year | | <u>\$ 33,198</u> | <u>\$ 4,992</u> |

See accompanying notes to the financial statements

International Village Business Improvement Area
Statement of Changes in Net Financial Assets (Debt)

| December 31 | 2010 | 2009 |
|--|------------------|-------------------|
| Annual surplus | \$ 28,206 | \$ 6,548 |
| Acquisition of tangible capital assets | (7,489) | - |
| Amortization of tangible capital assets | <u>1,309</u> | <u>1,249</u> |
| | 22,026 | 7,797 |
| Net debt, beginning of year | <u>(2,386)</u> | <u>(10,183)</u> |
| Net financial assets (debt), end of year | <u>\$ 19,640</u> | <u>\$ (2,386)</u> |

See accompanying notes to the financial statements

International Village Business Improvement Area Statement of Cash Flows

| Year ended December 31 | 2010 | 2009 |
|--|------------------|------------------|
| Increase (decrease) in cash and cash equivalents | | |
| Operating | | |
| Annual surplus | \$ 28,206 | \$ 6,548 |
| Amortization | <u>1,309</u> | <u>1,249</u> |
| | 29,515 | 7,797 |
| Changes in non-cash operating working capital: | | |
| Note receivable | 10,000 | - |
| Payables and accruals | 1,201 | (1,065) |
| Deferred revenue | <u>-</u> | <u>(2,500)</u> |
| | 40,716 | 4,232 |
| Investing | | |
| Purchase of tangible capital assets | <u>(7,489)</u> | <u>-</u> |
| Financing | | |
| Increase in advances from City of Hamilton | <u>829</u> | <u>3,971</u> |
| Net increase in cash and cash equivalents | 34,056 | 8,203 |
| Cash and cash equivalents, beginning of year | <u>58,098</u> | <u>49,895</u> |
| Cash and cash equivalents, end of year | <u>\$ 92,154</u> | <u>\$ 58,098</u> |

See accompanying notes to the financial statements

International Village Business Improvement Area Notes to the Financial Statements

December 31, 2010

1. Purpose of the organization

The International Village Business Improvement Area ("the Organization") was established 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 Organization is also responsible for the promotion of this improvement area for business and shopping.

The Organization is financed by a special levy charged upon businesses in the improvement area.

2. Summary of significant accounting policies

The financial statements of the Organization are prepared by management in accordance with Canadian generally accepted accounting principles for local governments, as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants. Significant aspects of the accounting policies adopted by the Organization are as follows:

Basis of accounting

Revenue and expenses are recorded on the accrual basis. The accrual basis of accounting recognizes revenues as they become available 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.

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.

Tangible capital assets

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

| | |
|-------------------------|----------|
| Computer hardware | 5 years |
| Decorations | 5 years |
| Furniture and equipment | 10 years |

International Village Business Improvement Area Notes to the Financial Statements

December 31, 2010

2. Summary of significant accounting policies (continued)

Use of estimates

The preparation of financial statements in conformity with Canadian public sector accounting standards 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 reporting period. Actual results may vary from the current estimates. These estimates are reviewed periodically and, as adjustments become necessary, they are reported in earnings in the periods in which they become known.

3. Tangible capital assets

Details of the capital assets are:

| | Computer hardware | Decorations | Furniture, equipment, fixtures | 2010 | 2009 |
|---------------------------------|----------------------|-------------|--------------------------------------|-----------|----------|
| Cost | | | | | |
| Balance, beginning of year | \$ 2,652 | \$ - | \$ 7,187 | \$ 9,839 | \$ 9,839 |
| Additions during the year | - | 7,489 | - | 7,489 | - |
| Balance, end of year | 2,652 | 7,489 | 7,187 | 17,328 | 9,839 |
| Accumulated amortization | | | | | |
| Balance, beginning of year | 1,212 | - | 1,249 | 2,461 | 1,212 |
| Amortization for the year | 530 | 60 | 719 | 1,309 | 1,249 |
| Balance, end of year | 1,742 | 60 | 1,968 | 3,770 | 2,461 |
| Net book value | \$ 910 | \$ 4,558 | \$ 631 | \$ 13,558 | \$ 7,378 |

4. Sponsorship

During the year, the Mustard Festival was sold to a third party. The proceeds received were used to offset the note that was receivable from the Mustard Festival.

Donated service related to the Mustard Festival, which would otherwise have been paid for by the Organization was recorded at fair value when provided. The value of the donation in-kind, as determined by the donors, amounted to \$Nil (2009 - \$38,882) and was been included in sponsorship in-kind and advertising and promotion in-kind for the comparative year.

International Village Business Improvement Area Notes to the Financial Statements

December 31, 2010

5. Related party transaction

During the year, the Organization recorded the following transactions with the City of Hamilton:

| Revenues | <u>2010</u> | <u>2009</u> |
|---|-------------------|-------------------|
| Member levy collected on behalf of the International Village BIA | <u>\$ 140,829</u> | <u>\$ 143,770</u> |

The City of Hamilton has also contributed \$8,159 (2009 - \$9,012) to commercial improvement programs undertaken by the Organization, and \$Nil (2009 - \$7,500) in other grants.

6. Financial instruments

The Organization's financial instruments consist of cash, due to City of Hamilton and payables and accruals. It is management's opinion that the Organization is not exposed to significant interest rate risk arising from these financial instruments. The fair values of these financial instruments approximate their carrying values.

The Organization's revenues are dependent on commercial property tax levies and bad debts have not been significant. As such, concentrations of credit risk are considered to be minimal.

7. Commitments

The Organization is committed under long-term operating leases for the rental of office space and office equipment. Future minimum lease payments under these operating leases are as follows:

| | |
|------|----------|
| 2011 | \$10,266 |
| 2012 | 9,749 |
| 2013 | 9,749 |
| 2014 | 9,749 |
| 2015 | 9,749 |

8. Accumulated surplus

| | <u>2010</u> | <u>2009</u> |
|----------------------------|------------------|-----------------|
| Invested in capital assets | <u>\$ 13,558</u> | <u>\$ 7,378</u> |
| Operating surplus | <u>19,640</u> | <u>(2,386)</u> |
| Accumulated surplus | <u>\$ 33,198</u> | <u>\$ 4,992</u> |



Financial Statements

King Street West Business Improvement Area

December 31, 2010

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Independent auditor's report

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

We have audited the accompanying financial statements of King Street West Business Improvement Area ("the Organization"), which comprise the statement of financial position as at December 31, 2010, and the statements of operations, changes in net financial assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Organization's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.



We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Organization as at December 31, 2010, and the results of its operations for the year then ended in accordance with Canadian public sector accounting standards.

Emphasis of matter

Without modifying our report we draw attention to the budget figures which are provided for comparative purposes only. They have not been subject to audit procedures. Accordingly, we do not express an opinion on the budget figures.

Hamilton, Canada

Chartered Accountants
Licensed Public Accountants

King Street West Business Improvement Area Statement of Financial Position

December 31 2010 2009

Financial assets

| | | |
|------------------------------------|---------------|--------------|
| Cash and cash equivalents | \$ 11,113 | \$ 6,920 |
| Due from City of Hamilton (Note 3) | <u>1,635</u> | <u>-</u> |
| | <u>12,748</u> | <u>6,920</u> |

Liabilities

| | | |
|-------------------------------|------------|------------|
| Accounts payable and accruals | <u>690</u> | <u>590</u> |
|-------------------------------|------------|------------|

Net financial assets

| | |
|---------------|--------------|
| <u>12,058</u> | <u>6,330</u> |
|---------------|--------------|

Non-financial assets

| | | |
|------------------|----------|--------------|
| Prepaid expenses | <u>-</u> | <u>1,317</u> |
|------------------|----------|--------------|

Accumulated surplus

| | |
|------------------|-----------------|
| <u>\$ 12,058</u> | <u>\$ 7,647</u> |
|------------------|-----------------|

On behalf of the Board

Director

Director

See accompanying notes to the financial statements

King Street West Business Improvement Area Statement of Operations

| Year Ended December 31 | 2010 Budget (unaudited) | 2010 Actual | 2009 Actual |
|--|-------------------------------|------------------|-----------------|
| Revenue | | | |
| Assessment levy | \$ 4,500 | \$ 4,500 | \$ - |
| City of Hamilton grants | <u>-</u> | <u>1,635</u> | <u>-</u> |
| | <u>4,500</u> | <u>6,135</u> | <u>-</u> |
| Expenses | | | |
| Advertising | 7,000 | - | - |
| Audit fees | 500 | 343 | 350 |
| Bank charges | - | 4 | 3 |
| Commercial improvement | 2,000 | - | - |
| Insurance | 1,500 | 1,377 | 1,351 |
| Office | <u>-</u> | <u>-</u> | <u>72</u> |
| | <u>11,000</u> | <u>1,724</u> | <u>1,776</u> |
| Annual surplus (deficit) | \$ <u>(6,500)</u> | 4,411 | (1,776) |
| Accumulated surplus, beginning of year | | <u>7,647</u> | <u>9,423</u> |
| Accumulated surplus, end of year | | <u>\$ 12,058</u> | <u>\$ 7,647</u> |

See accompanying notes to the financial statements

King Street West Business Improvement Area Statement of Changes in Net Financial Assets

| Year Ended December 31 | 2010 | 2009 |
|---|------------------|-----------------|
| Annual surplus (deficit) | \$ 4,411 | \$ (1,776) |
| Change in prepaid expenses | <u>1,317</u> | <u>(26)</u> |
| Change in net financial assets | 5,728 | (1,802) |
| Net financial assets, beginning of year | <u>6,330</u> | <u>8,133</u> |
| Net financial assets, end of year | <u>\$ 12,058</u> | <u>\$ 6,330</u> |

See accompanying notes to the financial statements

King Street West Business Improvement Area Statement of Cash Flows

Year ended December 31

2010

2009

Increase (decrease) in cash and cash equivalents

| | | |
|--|------------------|-----------------|
| Operating | | |
| Annual surplus (deficit) | \$ 4,411 | \$ (1,776) |
| Changes in non-cash operating working capital: | | |
| Prepaid expenses | 1,317 | (26) |
| Accounts payable and accruals | <u>100</u> | <u>90</u> |
| | <u>5,828</u> | <u>1,712</u> |
| Financing | | |
| (Increase in) repayment of advances to City of Hamilton | <u>(1,635)</u> | <u>1,350</u> |
| Net increase (decrease) in cash and cash equivalents | 4,193 | (362) |
| Cash and cash equivalents, beginning of year | <u>6,920</u> | <u>7,282</u> |
| Cash and cash equivalents, end of year | <u>\$ 11,113</u> | <u>\$ 6,920</u> |

See accompanying notes to the financial statements

King Street West Business Improvement Area Notes to the Financial Statements

December 31, 2010

1. Purpose of the organization

King Street West Business Improvement Area ("the Organization") was established in 1998 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 Municipality. The Organization is also responsible for the promotion of this improvement area for business and shopping. The Organization is financed by a special levy charged upon businesses in the improvement area.

2. Summary of significant accounting policies

The financial statements of the Organization are prepared by management in accordance with Canadian generally accepted accounting principles for local governments, as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants. Significant aspects of the accounting policies adopted by the Organization are as follows:

Basis of accounting

Revenue and expenses are recorded on the accrual basis. The accrual basis of accounting recognizes revenues as they become available 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.

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.

Use of estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles 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 reporting period. Actual results may vary from the current estimates. These estimates are reviewed periodically and, as adjustments become necessary, they are reported in earnings in the periods in which they become known.

King Street West Business Improvement Area Notes to the Financial Statements

December 31, 2010

3. Related party transactions

During the year, the Organization recorded the following transactions with the City of Hamilton:

| Revenues | <u>2010</u> | <u>2009</u> |
|--|-----------------|-------------|
| Member levy collected on behalf of the King Street West BIA | \$ <u>4,500</u> | \$ <u>-</u> |

The City of Hamilton has also contributed \$ 1,635 (2009 - \$ Nil) to commercial improvement programs undertaken by the Organization.

4. Financial instruments

The Organization's financial instruments consist of cash and accounts payable and accruals. It is management's opinion that the Organization is not exposed to significant interest rate risk arising from these financial instruments. The fair values of these financial instruments approximate their carrying values.

The Organization's revenues are dependent on commercial property tax levies and bad debts have not been significant. As such, concentrations of credit risk are considered to be minimal.



Financial Statements

Locke Street Business Improvement Area

December 31, 2010

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Independent auditor's report

Grant Thornton LLP
33 Main Street East
Hamilton, ON
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To 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

We have audited the accompanying financial statements of Locke Street Business Improvement Area ("the Organization"), which comprise the statement of financial position as at December 31, 2010, and the statements of operations, changes in net financial assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Organization's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Organization as at December 31, 2010, and the results of its operations for the year then ended in accordance with Canadian public sector accounting standards.

Emphasis of matter

Without modifying our report we draw attention to the budget figures which are provided for comparative purposes only. They have not been subject to audit procedures. Accordingly, we do not express an opinion on the budget figures.



Hamilton, Canada
June 1, 2011

Chartered Accountants
Licensed Public Accountants

Locke Street Business Improvement Area Statement of Financial Position

| December 31 | 2010 | 2009 |
|-------------------------------|-----------------|-----------------|
| Financial assets | | |
| Cash | \$ 3,762 | \$ 5,725 |
| Accounts receivable | <u>232</u> | <u>-</u> |
| | <u>3,994</u> | <u>5,725</u> |
| Liabilities | | |
| Accounts payable and accruals | 219 | 1,087 |
| Due to City of Hamilton | <u>260</u> | <u>344</u> |
| | <u>479</u> | <u>1,431</u> |
| Net financial assets | <u>3,515</u> | <u>4,294</u> |
| Non-financial assets | | |
| Prepaid expenses | <u>2,140</u> | <u>945</u> |
| Accumulated surplus | <u>\$ 5,655</u> | <u>\$ 5,239</u> |

On behalf of the Board

_____ Director _____ Director

See accompanying notes to the financial statements.

Locke Street Business Improvement Area Statement of Operations

| Year Ended December 31 | 2010 Budget | 2010 Actual | 2009 Actual |
|--|----------------|----------------|----------------|
| | (Unaudited) | | |
| Revenue | | | |
| Assessment levy | \$ 10,250 | \$ 10,250 | \$ 10,250 |
| City of Hamilton grants | - | 7,157 | 8,775 |
| | <u>10,250</u> | <u>17,407</u> | <u>19,025</u> |
| Expenses | | | |
| Advertising and promotion | 6,000 | 6,419 | 4,278 |
| Bad debts | - | - | 44 |
| Commercial improvement | - | 7,157 | 8,775 |
| Donations | - | 100 | - |
| Insurance | 2,000 | 1,890 | 1,732 |
| Miscellaneous | 1,000 | - | 408 |
| Office supplies | 350 | 77 | 123 |
| Professional fees | 400 | 289 | 300 |
| Special events | 500 | 450 | 510 |
| Website development | - | 609 | - |
| | <u>10,250</u> | <u>16,991</u> | <u>16,170</u> |
| Annual surplus | \$ - | 416 | 2,855 |
| Accumulated surplus, beginning of year | | 5,239 | 2,384 |
| Accumulated surplus, end of year | | \$ 5,655 | \$ 5,239 |

See accompanying notes to the financial statements.

Locke Street Business Improvement Area Statement of Changes in Net Financial Assets

| Year Ended December 31 | 2010 | 2009 |
|---|-----------------|-----------------|
| Annual surplus | \$ 416 | \$ 2,855 |
| Increase in prepaid expenses | <u>(1,195)</u> | <u>(157)</u> |
| Change in net financial assets | (779) | 2,698 |
| Net financial assets, beginning of year | <u>4,294</u> | <u>1,596</u> |
| Net financial assets, end of year | <u>\$ 3,515</u> | <u>\$ 4,294</u> |

See accompanying notes to the financial statements.

Locke Street Business Improvement Area Statement of Cash Flows

| Year ended December 31 | 2010 | 2009 |
|--|-----------------|-----------------|
| Increase (decrease) in cash and cash equivalents | | |
| Operating | | |
| Annual surplus | \$ 416 | \$ 2,855 |
| Changes in non-cash operating working capital: | | |
| Accounts receivable | (232) | - |
| Prepaid expenses | (1,195) | (157) |
| Accounts payable and accruals | (868) | (155) |
| | <u>(1,879)</u> | <u>2,543</u> |
| Financing | | |
| Decrease in advances from the City of Hamilton | <u>(84)</u> | <u>-</u> |
| Net (decrease) increase in cash and cash equivalents | (1,963) | 2,543 |
| Cash and cash equivalents, beginning of year | <u>5,725</u> | <u>3,182</u> |
| Cash and cash equivalents, end of year | <u>\$ 3,762</u> | <u>\$ 5,725</u> |

See accompanying notes to the financial statements.

Locke Street Business Improvement Area

Notes to the Financial Statements

December 31, 2010

1. Purpose of the organization

Locke Street Business Improvement Area ("the Organization") was established in 2007 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 Municipality. The Organization is also responsible for the promotion of this improvement area for business and shopping.

The Organization is financed by a special levy charged upon businesses in the improvement area.

2. Summary of significant accounting policies

The financial statements of the Organization are prepared by management in accordance with Canadian generally accepted accounting principles for local governments, as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants. Significant aspects of the accounting policies adopted by the Organization are as follows:

Basis of accounting

Revenue and expenses are recorded on the accrual basis. The accrual basis of accounting recognizes revenues as they become available 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.

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.

Use of estimates

The preparation of financial statements in conformity with Canadian public sector accounting standards 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 reporting period. Actual results may vary from the current estimates. These estimates are reviewed periodically and, as adjustments become necessary, they are reported in earnings in the periods in which they become known.

Locke Street Business Improvement Area Notes to the Financial Statements

December 31, 2010

3. Related party transactions

During the year, the Organization recorded the following transactions with the City of Hamilton:

| Revenues | <u>2010</u> | <u>2009</u> |
|--|------------------|------------------|
| Member levy collected on behalf of the Locke Street BIA | <u>\$ 10,250</u> | <u>\$ 10,250</u> |

The City of Hamilton has also contributed \$7,157 (2009 - \$8,775) to commercial improvement programs undertaken by the Organization.

4. Financial instruments

The Organization's financial instruments consist of cash and cash equivalents, accounts receivable, accounts payable and accruals and due to City of Hamilton. It is management's opinion that the Organization is not exposed to significant interest rate risk arising from these financial instruments. The fair values of these financial instruments approximate their carrying values.

The Organization's revenues are dependent on commercial property tax levies and bad debts have not been significant. As such, concentrations of credit risk are considered to be minimal.



Financial Statements

Ottawa Street Business Improvement Area

December 31, 2010

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Independent auditor's report

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

We have audited the accompanying financial statements of Ottawa Street Business Improvement Area ("the Organization"), which comprise the statement of financial position as at December 31, 2010, and the statement of operations, changes in net financial assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Organization's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Organization as at December 31, 2010, and the results of its operations for the year then ended in accordance with Canadian public sector accounting standards.

Emphasis of matter

Without modifying our report we draw attention to the budget figures which are provided for comparative purposes only. They have not been subject to audit procedures. Accordingly, we do not express an opinion on the budget figures.

Hamilton, Canada
June 9, 2011



Chartered Accountants
Licensed Public Accountants

Ottawa Street Business Improvement Area Statement of Financial Position

| December 31 | 2010 | 2009 |
|-------------------------------------|------------------|------------------|
| Financial assets | | |
| Cash and cash equivalents | \$ 69,679 | \$ 75,113 |
| Accounts receivable | <u>10,181</u> | <u>6,878</u> |
| | <u>79,860</u> | <u>81,991</u> |
| Liabilities | | |
| Accounts payable and accruals | 4,728 | 14,153 |
| Deferred revenue | 67,029 | 63,161 |
| Due to City of Hamilton | <u>2,389</u> | <u>1,230</u> |
| | <u>74,146</u> | <u>78,544</u> |
| Net financial assets | <u>5,714</u> | <u>3,447</u> |
| Non-financial assets | | |
| Tangible capital assets (Note 3) | 5,796 | 7,282 |
| Prepaid expenses | <u>2,045</u> | <u>6,298</u> |
| | <u>7,841</u> | <u>13,580</u> |
| Accumulated surplus (Note 7) | <u>\$ 13,555</u> | <u>\$ 17,027</u> |

Commitments (Note 6)

On behalf of the Board

Director

Director

See accompanying notes to the financial statements

Ottawa Street Business Improvement Area Statement of Operations

| Year Ended December 31 | 2010 Budget (Unaudited) | 2010 Actual | 2009 Actual |
|--|-------------------------------|------------------|------------------|
| Revenue | | | |
| Assessment levy | \$ 126,322 | \$ 126,322 | \$ 126,322 |
| City of Hamilton grants | - | 13,610 | 14,737 |
| Other income | 6,000 | 1,444 | 4,276 |
| | <u>132,322</u> | <u>141,376</u> | <u>145,335</u> |
| Expenses | | | |
| Advertising and promotion | 45,512 | 48,642 | 45,265 |
| Amortization | - | 1,486 | 149 |
| Audit fees | - | 420 | 425 |
| Bad debts | - | 1,740 | - |
| Beautification | 7,300 | 559 | 5,065 |
| Commercial improvement | - | 13,610 | 14,737 |
| Consulting fees | 50,660 | 49,583 | 50,552 |
| Insurance | 3,000 | 1,037 | 3,495 |
| Office | 1,250 | 11,647 | 5,850 |
| Project costs | 13,000 | 12,440 | 11,743 |
| Rent | 11,600 | 3,684 | 3,600 |
| | <u>132,322</u> | <u>144,848</u> | <u>140,881</u> |
| Annual (deficit) surplus | \$ - | (3,472) | 4,454 |
| Accumulated surplus, beginning of year | | <u>17,027</u> | <u>12,573</u> |
| Accumulated surplus, end of year | | <u>\$ 13,555</u> | <u>\$ 17,027</u> |

See accompanying notes to the financial statements

Ottawa Street Business Improvement Area Statement of Changes in Net Financial Assets

| Year Ended December 31 | 2010 | 2009 |
|---|-----------------|-----------------|
| Annual (deficit) surplus | \$ (3,472) | \$ 4,454 |
| Acquisition of tangible capital assets | - | (7,431) |
| Amortization of tangible capital assets | <u>1,486</u> | <u>149</u> |
| | (1,986) | (2,828) |
| Decrease (increase) in prepaid expenses | <u>4,253</u> | <u>(3,867)</u> |
| Change in net financial assets | 2,267 | (6,695) |
| Net financial assets, beginning of year | <u>3,447</u> | <u>10,142</u> |
| Net financial assets, end of year | <u>\$ 5,714</u> | <u>\$ 3,447</u> |

See accompanying notes to the financial statements

Ottawa Street Business Improvement Area Statement of Cash Flows

| Year ended December 31 | 2010 | 2009 |
|--|------------------|------------------|
| Increase (decrease) in cash | | |
| Operating | | |
| Annual (deficit) surplus | \$ (3,472) | \$ 4,454 |
| Amortization | <u>1,486</u> | <u>149</u> |
| | (1,986) | 4,603 |
| Changes in non-cash operating working capital: | | |
| Accounts receivable | (3,303) | 7,495 |
| Prepaid expenses | 4,253 | (3,867) |
| Accounts payables and accruals | 1,159 | 10,355 |
| Deferred revenue | <u>3,868</u> | <u>63,161</u> |
| | <u>3,991</u> | <u>81,747</u> |
| Investing | | |
| Purchase of tangible capital assets | <u>-</u> | <u>(7,431)</u> |
| Financing | | |
| Increase in advances from City of Hamilton | <u>(9,425)</u> | <u>(5,317)</u> |
| Net (decrease) increase in cash and cash equivalents | (5,434) | 68,999 |
| Cash and cash equivalents, beginning of year | <u>75,113</u> | <u>6,114</u> |
| Cash and cash equivalents, end of year | <u>\$ 69,679</u> | <u>\$ 75,113</u> |

See accompanying notes to the financial statements

Ottawa Street Business Improvement Area Notes to the Financial Statements

December 31, 2010

1. Purpose of the organization

Ottawa Street Business Improvement Area ("the Organization") 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 Municipality. The Organization is also responsible for the promotion of this improvement area for business and shopping. The Organization is financed by a special levy charged upon businesses in the improvement area.

2. Summary of significant accounting policies

The financial statements of the Organization are prepared by management in accordance with Canadian generally accepted accounting principles for local governments, as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants. Significant aspects of the accounting policies adopted by the Organization are as follows:

Basis of accounting

Revenue and expenses are recorded on the accrual basis. The accrual basis of accounting recognizes revenues as they become available 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.

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.

Tangible capital assets

Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to acquisition, development or betterment of the asset. The cost, less residual value, of the tangible capital assets is amortized on a straight-line basis over their estimated useful lives. The only tangible capital assets are computers and decorations, which are amortized over 5 years.

Use of estimates

The preparation of financial statements in conformity with Canadian public sector accounting standards 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 reporting period. Actual results may vary from the current estimates. These estimates are reviewed periodically and, as adjustments become necessary, they are reported in earnings in the periods in which they become known.

Ottawa Street Business Improvement Area Notes to the Financial Statements

December 31, 2010

3. Tangible capital assets

Details of the capital assets are:

| | <u>Computers</u> | <u>Decorations</u> | <u>2010</u> | <u>2009</u> |
|---------------------------------|------------------|--------------------|-----------------|-----------------|
| Cost | | | | |
| Balance, beginning of year | \$ 303 | \$ 7,128 | \$ 7,431 | \$ - |
| Additions during the year | - | - | - | 7,431 |
| Balance, end of year | <u>303</u> | <u>7,128</u> | <u>7,431</u> | <u>7,431</u> |
| Accumulated amortization | | | | |
| Balance, beginning of year | 30 | 119 | 149 | - |
| Amortization for the year | <u>61</u> | <u>1,425</u> | <u>1,486</u> | <u>149</u> |
| Balance, end of year | <u>91</u> | <u>1,544</u> | <u>1,635</u> | <u>149</u> |
| Net book value | <u>\$ 212</u> | <u>\$ 5,584</u> | <u>\$ 5,796</u> | <u>\$ 7,282</u> |

4. Related party transactions

During the year, the Organization recorded the following transactions with the City of Hamilton:

| <u>Revenues</u> | <u>2010</u> | <u>2009</u> |
|---|-------------------|-------------------|
| Member levy collected on behalf of the Ottawa Street BIA | <u>\$ 126,322</u> | <u>\$ 126,322</u> |

The City of Hamilton has also contributed \$13,610 (2009 - \$14,737) to commercial improvement programs undertaken by the Organization and \$397 (2009 - \$Nil) in other grants.

5. Financial instruments

The Organization's financial instruments consist of cash, receivables, payables and accruals and deferred revenue. It is management's opinion that the Organization is not exposed to significant interest rate risk arising from these financial instruments. The fair values of these financial instruments approximate their carrying values.

The Organization's revenues are dependent on commercial property tax levies and bad debts have not been significant. As such, concentrations of credit risk are considered to be minimal.

Ottawa Street Business Improvement Area Notes to the Financial Statements

December 31, 2010

6. Commitments

The Organization is committed under a long-term operating lease for the rental of office space. Future minimum lease payments under this operating lease are as follows:

| | |
|------|-----------|
| 2011 | \$ 19,538 |
| 2012 | 19,538 |
| 2013 | 6,513 |

7. Accumulated surplus

| | <u>2010</u> | <u>2009</u> |
|----------------------------|------------------|------------------|
| Invested in capital assets | \$ 5,796 | \$ 7,282 |
| Surplus | <u>7,759</u> | <u>9,745</u> |
| Accumulated surplus | <u>\$ 13,555</u> | <u>\$ 17,027</u> |



Financial Statements

Stoney Creek Business Improvement Area

December 31, 2010

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Independent auditor's report

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

We have audited the accompanying financial statements of Stoney Creek Business Improvement Area ("the Organization"), which comprise the statement of financial position as at December 31, 2010, and the statement of operations and changes in net financial assets for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Organization's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Organization as at December 31, 2010, and the results of its operations for the year then ended in accordance with Canadian public sector accounting standards.

Emphasis of matter

Without modifying our report we draw attention to the budget figures which are provided for comparative purposes only. They have not been subject to audit procedures. Accordingly, we do not express an opinion on the budget figures.

Hamilton, Canada
May 25, 2011



Chartered Accountants
Licensed Public Accountants

Stoney Creek Business Improvement Area Statement of Financial Position

| December 31 | 2010 | 2009 |
|-------------------------------------|------------------|------------------|
| Financial assets | | |
| Cash | \$ 7,600 | \$ 11,163 |
| Accounts receivable | - | 2,370 |
| | <u>7,600</u> | <u>13,533</u> |
| Liabilities | | |
| Accounts payable and accruals | 25 | 25 |
| Due to City of Hamilton | <u>1,175</u> | <u>750</u> |
| | <u>1,200</u> | <u>775</u> |
| Net financial assets | <u>6,400</u> | <u>12,758</u> |
| Non-financial assets | | |
| Tangible capital assets (Note 3) | 10,547 | 5,060 |
| Prepaid expenses | <u>564</u> | <u>537</u> |
| | <u>11,111</u> | <u>5,597</u> |
| Accumulated surplus (Note 6) | <u>\$ 17,511</u> | <u>\$ 18,355</u> |

On behalf of the Board

Director

Director

See accompanying notes to the financial statements

Stoney Creek Business Improvement Area Statement of Operations

| Year Ended December 31 | 2010 Budget | 2010 Actual | 2009 Actual |
|---|----------------|------------------|------------------|
| (Unaudited) | | | |
| Revenue | | | |
| Assessment levy | \$ 27,700 | \$ 14,591 | \$ 14,315 |
| City of Hamilton grants | - | 3,219 | 3,371 |
| Interest revenue | - | 28 | - |
| | <u>27,700</u> | <u>17,838</u> | <u>17,686</u> |
| Expenses | | | |
| Administration | 2,000 | 1,850 | 1,425 |
| Advertising and promotion | 1,400 | 856 | 1,338 |
| Amortization | - | 1,387 | 2,077 |
| Audit fees | - | 425 | 425 |
| Bank charges and interest | - | 2 | - |
| Beautification | 18,000 | 2,442 | 1,331 |
| Commercial improvement | - | 2,249 | 2,371 |
| Christmas decorations and Santa Claus parade | 1,500 | 3,890 | 7,627 |
| Insurance | 1,600 | 1,344 | 1,290 |
| Miscellaneous | 3,000 | 1,945 | - |
| Office supplies | - | 1,292 | - |
| Special events | 200 | 1,000 | 500 |
| | <u>27,700</u> | <u>18,682</u> | <u>18,384</u> |
| Annual deficit | \$ - | (844) | (698) |
| Accumulated surplus, beginning of year | | <u>18,355</u> | <u>19,053</u> |
| Accumulated surplus, end of year (Note 6) | | <u>\$ 17,511</u> | <u>\$ 18,355</u> |

See accompanying notes to the financial statements

Stoney Creek Business Improvement Area Statement of Changes in Net Financial Assets

| Year Ended December 31 | 2010 | 2009 |
|--|-----------------|------------------|
| Annual deficit | \$ (844) | \$ (698) |
| Acquisition of tangible capital assets | (10,339) | - |
| Amortization of tangible capital assets | 1,387 | 2,077 |
| Loss on disposal of tangible capital assets | 1,945 | - |
| Proceeds from disposition of tangible capital assets | 1,519 | - |
| Increase in prepaid expenses | <u>(26)</u> | <u>(14)</u> |
| Change in net financial assets | <u>(6,358)</u> | <u>1,365</u> |
| Net financial assets, beginning of year | <u>12,758</u> | <u>11,393</u> |
| Net financial assets, end of year | <u>\$ 6,400</u> | <u>\$ 12,758</u> |

Stoney Creek Business Improvement Area Statement of Cash Flows

Year ended December 31

2010

2009

Increase (decrease) in cash and cash equivalents

Operating

| | | |
|---|--------------|----------|
| Annual deficit | \$ (844) | \$ (698) |
| Amortization | 1,387 | 2,077 |
| Loss on disposal of tangible capital assets | <u>1,945</u> | <u>-</u> |
| | 2,488 | 1,379 |

Changes in non-cash operating working capital:

| | | |
|-------------------------------|------------|--------------|
| Accounts receivable | 2,370 | (2,370) |
| Prepaid expenses | (26) | (14) |
| Accounts payable and accruals | <u>425</u> | <u>(615)</u> |
| | 5,257 | (1,620) |

Capital

| | | |
|---|--------------|----------|
| Purchase of tangible capital assets | (10,339) | - |
| Proceeds from sale of tangible capital assets | <u>1,519</u> | <u>-</u> |
| | (8,820) | - |

Net decrease in cash and cash equivalents (3,563) (1,620)

Cash and cash equivalents, beginning of year 11,163 12,783

Cash and cash equivalents, end of year \$ 7,600 \$ 11,163

Stoney Creek Business Improvement Area Notes to the Financial Statements

December 31, 2010

1. Purpose of the organization

Stoney Creek Business Improvement Area ("the Organization") 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 Municipality. Stoney Creek Organization is also responsible for the promotion of this improvement area for business and shopping. Stoney Creek Organization is financed by a special levy charged upon businesses in the improvement area.

2. Summary of significant accounting policies

The financial statements of the Organization are prepared by management in accordance with Canadian generally accepted accounting principles for local governments, as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants. Significant aspects of the accounting policies adopted by the Organization are as follows:

Basis of accounting

Revenue and expenses are recorded on the accrual basis. The accrual basis of accounting recognizes revenues as they become available 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.

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.

Tangible capital assets

Tangible capital assets are recorded at cost which includes all 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:

| | |
|----------------------|---------|
| Decorations/ banners | 5 years |
|----------------------|---------|

Comparative figures

Certain of the comparative figures have been reclassified to conform with the presentation adopted in the current year.

Stoney Creek Business Improvement Area Notes to the Financial Statements

December 31, 2010

2. Summary of significant accounting policies (continued)

Use of estimates

The preparation of financial statements in conformity with Canadian public sector accounting standards 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 reporting period. Actual results may vary from the current estimates. These estimates are reviewed periodically and, as adjustments become necessary, they are reported in operations in the periods in which they become known.

3. Tangible capital assets

Details of the decorations assets are:

| | <u>2010</u> | <u>2009</u> |
|---------------------------------|------------------|-----------------|
| Cost | | |
| Balance, beginning of year | \$ 10,384 | \$ 10,384 |
| Additions during the year | 10,339 | - |
| Disposals during the year | <u>(6,394)</u> | <u>-</u> |
| Balance, end of year | <u>14,329</u> | <u>10,384</u> |
| Accumulated amortization | | |
| Balance, beginning of year | 5,324 | 3,247 |
| Amortization for the year | 1,919 | 2,077 |
| Amortization on disposed assets | <u>(2,929)</u> | <u>-</u> |
| Balance, end of year | <u>4,314</u> | <u>5,324</u> |
| Net book value | <u>\$ 10,015</u> | <u>\$ 5,060</u> |

4. Related party transactions

During the year, the Organization recorded the following transactions with the City of Hamilton:

| Revenues | <u>2010</u> | <u>2009</u> |
|--|------------------|------------------|
| Member levy collected on behalf of the Stoney Creek BIA | <u>\$ 14,591</u> | <u>\$ 14,315</u> |

The City of Hamilton has also contributed \$2,249 (2009 - \$2,371) to commercial improvement programs undertaken by the Organization, and \$971 (2009 - \$1,000) in other grants.

Stoney Creek Business Improvement Area Notes to the Financial Statements

December 31, 2010

5. Financial instruments

The Organization's financial instruments consist of cash, accounts receivable and payables and accruals. It is management's opinion that the Organization is not exposed to significant interest rate risk arising from these financial instruments. The fair values of these financial instruments approximate their carrying values.

The Organization's revenues are dependent on commercial property tax levies and bad debts have not been significant. As such, concentrations of credit risk are considered to be minimal.

6. Accumulated surplus

| | <u>2010</u> | <u>2009</u> |
|----------------------------|------------------|------------------|
| Invested in capital assets | \$ 10,015 | \$ 5,060 |
| Surplus | <u>6,964</u> | <u>13,295</u> |
| Accumulated surplus | <u>\$ 16,979</u> | <u>\$ 18,355</u> |



Financial Statements

Waterdown Business Improvement Area

December 31, 2010

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Independent auditor's report

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

We have audited the accompanying financial statements of Waterdown Business Improvement Area (the "Organization"), which comprise the statement of financial position as at December 31, 2010, and the statements of operations, changes in net financial assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Organization's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Organization as at December 31, 2010, and the results of its operations for the year then ended in accordance with Canadian public sector accounting standards.

Emphasis of matter

Without modifying our report we draw attention to the budget figures which are provided for comparative purposes only. They have not been subject to audit procedures. Accordingly, we do not express an opinion on the budget figures.

Hamilton, Canada

Chartered Accountants
Licensed Public Accountants

Waterdown Business Improvement Area Statement of Financial Position

| December 31 | 2010 | 2009 |
|-------------------------------------|------------------|------------------|
| Financial assets | | |
| Cash | \$ 17,793 | \$ 7,175 |
| Accounts receivable | 12,440 | 5,940 |
| Inventories | - | 627 |
| Due from City of Hamilton | 1,729 | 346 |
| | <u>31,962</u> | <u>14,088</u> |
| Liabilities | | |
| Accounts payable and accruals | 8,126 | 1,437 |
| Net financial assets | <u>23,836</u> | <u>12,651</u> |
| Non-financial assets | | |
| Tangible capital assets (Note 3) | 9,633 | 2,925 |
| Prepaid expenses | 7,974 | 1,911 |
| | <u>17,607</u> | <u>4,836</u> |
| Accumulated surplus (Note 6) | <u>\$ 41,443</u> | <u>\$ 17,487</u> |

On behalf of the Board

Director

Director

See accompanying notes to the financial statements

Waterdown Business Improvement Area Statement of Operations

| Year Ended December 31 | 2010 Budget | 2010 Actual | 2009 Actual |
|--|----------------|------------------|------------------|
| | (unaudited) | | |
| Revenue | | | |
| Assessment levy | \$ 90,000 | \$ 90,000 | \$ 38,913 |
| City of Hamilton grants | - | 2,434 | 2,011 |
| Other income | <u>2,000</u> | <u>3,409</u> | <u>1,564</u> |
| | <u>92,000</u> | <u>95,843</u> | <u>42,488</u> |
| Expenses | | | |
| Advertising and promotion | 15,650 | 9,833 | 9,075 |
| Amortization | - | 598 | 25 |
| Bad debts | - | 1,682 | 48 |
| Christmas Tree of Hope | 12,000 | 10,662 | 4,125 |
| Commercial improvement | - | 2,434 | 13,959 |
| Festival and parades | 3,175 | 5,618 | - |
| Insurance | 3,000 | 2,535 | 2,510 |
| Management contracts and salaries | 16,000 | 15,876 | 16,108 |
| Memberships, conferences and seminars | 1,465 | 1,233 | 978 |
| Office and general expense | 10,050 | 3,462 | 4,961 |
| Professional fees | 1,070 | 1,090 | 1,010 |
| Storage | 450 | 317 | - |
| Streetscaping and decorations | <u>29,000</u> | <u>16,547</u> | <u>14,359</u> |
| | <u>91,860</u> | <u>71,887</u> | <u>55,010</u> |
| Annual surplus (deficit) | \$ <u>140</u> | 23,956 | (12,522) |
| Accumulated surplus, beginning of year | | <u>17,487</u> | <u>30,009</u> |
| Accumulated surplus, end of year | | \$ 41,443 | \$ 17,487 |

See accompanying notes to the financial statements.

Waterdown Business Improvement Area Statement of Changes in Net Financial Assets

| Year Ended December 31 | 2010 | 2009 |
|---|------------------|------------------|
| Annual surplus (deficit) | \$ 23,956 | \$ (12,522) |
| Acquisition of tangible capital assets | (7,306) | (2,950) |
| Amortization of tangible capital assets | <u>598</u> | <u>25</u> |
| | 17,248 | (15,447) |
| Increase in prepaid expenses | <u>(6,063)</u> | <u>(37)</u> |
| Change in net financial assets | <u>11,185</u> | <u>(15,484)</u> |
| Net financial assets, beginning of year | <u>12,651</u> | <u>28,135</u> |
| Net financial assets, end of year | <u>\$ 23,836</u> | <u>\$ 12,651</u> |

See accompanying notes to the financial statements.

Waterdown Business Improvement Area Statement of Cash Flows

| Year ended December 31 | 2010 | 2009 |
|--|------------------|-----------------|
| Increase (decrease) in cash | | |
| Operating | | |
| Annual surplus (deficit) | \$ 23,956 | \$ (12,522) |
| Amortization | <u>598</u> | <u>25</u> |
| | 24,554 | (12,497) |
| Changes in non-cash operating working capital: | | |
| Inventories | 627 | - |
| Accounts receivable | (6,500) | (179) |
| Prepaid expenses | (6,063) | (37) |
| Accounts payable and accruals | <u>6,689</u> | <u>(6,345)</u> |
| | <u>19,307</u> | <u>(19,058)</u> |
| Investing | | |
| Purchase of tangible capital assets | <u>(7,306)</u> | <u>(2,950)</u> |
| Financing | | |
| (Repayment to) advances from City of Hamilton | <u>(1,383)</u> | <u>1,738</u> |
| Net increase (decrease) in cash | 10,618 | (20,270) |
| Cash, beginning of year | <u>7,175</u> | <u>27,445</u> |
| Cash, end of year | <u>\$ 17,793</u> | <u>\$ 7,175</u> |

See accompanying notes to the financial statements

Waterdown Business Improvement Area

Notes to the Financial Statements

December 31, 2010

1. Purpose of the organization

The Waterdown Business Improvement Area (the "Organization") was established in 1985 by the Council of the former Town of Flamborough 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 Municipality. The Organization is also responsible for the promotion of this improvement area for business and shopping. The Organization is financed by a special levy charged upon businesses in the improvement area.

2. Summary of significant accounting policies

The financial statements of the Organization are prepared by management in accordance with Canadian generally accepted auditing standards for local governments, as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants. Significant aspects of the accounting policies adopted by the Organization are as follows:

Basis of accounting

Revenue and expenses are recorded on the accrual basis. The accrual basis of accounting recognizes revenues as they become available and measurable; expenses are recognized as they are incurred and measurable as a result of the receipt of goods or services and the creation of a legal obligation to pay.

Tangible capital assets

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

| | |
|-------------------------|----------|
| Furniture and equipment | 10 years |
|-------------------------|----------|

Use of estimates

The preparation of financial statements in conformity with Canadian public sector accounting standards 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 reporting period. Actual results may vary from the current estimates. These estimates are reviewed periodically and, as adjustments become necessary, they are reported in earnings in the periods in which they become known.

Comparative figures

Certain of the comparative figures have been reclassified to conform with the presentation adopted in the current year.

Waterdown Business Improvement Area Notes to the Financial Statements

December 31, 2010

3. Tangible capital assets

Furniture and Equipment

| | <u>2010</u> | <u>2009</u> |
|---------------------------------|-----------------|-----------------|
| Cost | | |
| Balance, beginning of year | \$ 2,950 | \$ - |
| Additions during the year | <u>7,306</u> | <u>2,950</u> |
| Balance, end of year | <u>10,256</u> | <u>2,950</u> |
| Accumulated amortization | | |
| Balance, beginning of year | 25 | - |
| Amortization for the year | <u>598</u> | <u>25</u> |
| Balance, end of year | <u>623</u> | <u>25</u> |
| Net book value | <u>\$ 9,633</u> | <u>\$ 2,925</u> |

4. Related party transactions

During the year, the Organization recorded the following transactions with the City of Hamilton:

| | <u>2010</u> | <u>2009</u> |
|---|------------------|------------------|
| Revenues | | |
| Member levy collected on behalf of the Waterdown BIA | <u>\$ 90,000</u> | <u>\$ 38,913</u> |

The City of Hamilton has also contributed \$2,434 (2009 - \$1,211) to commercial improvement programs undertaken by the Organization, and \$1,300 (2009 - \$800) in other grants.

5. Financial instruments

The Organization's financial instruments consist of cash, accounts receivable, and accounts payable and accruals. It is management's opinion that the Organization is not exposed to significant interest rate risk arising from these financial instruments. The fair values of these financial instruments approximate their carrying values.

The Organization's revenues are dependent on commercial property tax levies and bad debts have not been significant. As such, concentrations of credit risk are considered to be minimal.

Waterdown Business Improvement Area Notes to the Financial Statements

December 31, 2010

| 6. Accumulated surplus | <u>2010</u> | <u>2009</u> |
|-------------------------------|--------------------|--------------------|
| Invested in capital assets | \$ 9,633 | \$ 2,925 |
| Surplus | <u>31,800</u> | <u>14,562</u> |
| Accumulated surplus | <u>\$ 41,433</u> | <u>\$ 17,487</u> |



Financial Statements

Westdale Business Improvement Area

December 31, 2010

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Independent auditor's report

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

We have audited the accompanying financial statements of Westdale Business Improvement Area ("the Organization"), which comprise the statement of financial position as at December 31, 2010, and the statement of operations, changes in net financial assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Organization's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Organization as at December 31, 2010, and the results of its operations for the year then ended in accordance with Canadian public sector accounting standards.

Emphasis of matter

Without modifying our report we draw attention to the budget figures which are provided for comparative purposes only. They have not been subject to audit procedures. Accordingly, we do not express an opinion on the budget figures.



Hamilton, Canada
May 18, 2011

Chartered Accountants
Licensed Public Accountants

Westdale Business Improvement Area Statement of Financial Position

| December 31 | 2010 | 2009 |
|-------------------------------------|------------------|------------------|
| Financial assets | | |
| Cash and cash equivalents | \$ 47,402 | \$ 85,200 |
| Due from City of Hamilton | - | 592 |
| Accounts receivable | <u>4,920</u> | <u>2,451</u> |
| | <u>52,322</u> | <u>88,243</u> |
| Liabilities | | |
| Accounts payable and accruals | 6,954 | 6,695 |
| Due to City of Hamilton | 1,412 | - |
| Deferred revenue | <u>-</u> | <u>60,250</u> |
| | <u>8,366</u> | <u>66,945</u> |
| Net financial assets | <u>43,956</u> | <u>21,298</u> |
| Non-financial assets | | |
| Tangible capital assets (Note 3) | 13,912 | 2,078 |
| Prepays | <u>1,081</u> | <u>1,044</u> |
| | <u>14,993</u> | <u>3,122</u> |
| Accumulated surplus (Note 7) | <u>\$ 58,949</u> | <u>\$ 24,420</u> |

On behalf of the Board

_____ Director _____ Director

See accompanying notes to the financial statements

Westdale Business Improvement Area Statement of Operations

| Year Ended December 31 | 2010 Budget (unaudited) | 2010 Actual | 2009 Actual |
|---|-------------------------------|------------------|------------------|
| Revenue | | | |
| Assessment levy | \$ 120,500 | \$ 120,500 | \$ 120,000 |
| City of Hamilton grants | - | 14,925 | 32,167 |
| Federal grants | - | - | 3,420 |
| Sponsorship – in kind (Note 5) | - | - | 11,249 |
| Interest | - | 91 | 236 |
| Other income | - | 11,856 | - |
| | <u>120,500</u> | <u>147,372</u> | <u>167,072</u> |
| Expenses | | | |
| Advertising and promotion | 25,000 | 23,327 | 26,848 |
| Amortization | - | 1,747 | 746 |
| Audit and legal fees | - | 441 | 1,870 |
| Bad debts | - | 2,388 | 379 |
| Bank charges | - | 147 | 258 |
| Beautification | 22,500 | 9,079 | 6,106 |
| Commercial improvement | - | 13,949 | 22,055 |
| Festival (net of revenue) | 15,000 | 246 | 32,332 |
| Festival – in kind (Note 5) | - | - | 11,249 |
| Insurance | - | 1,223 | 1,194 |
| Meetings | - | 795 | 1,144 |
| Office and general expense | 17,500 | 12,423 | 15,959 |
| Rent | - | 9,218 | 8,819 |
| SEED Program | - | - | 3,420 |
| Wages | <u>40,500</u> | <u>37,860</u> | <u>43,268</u> |
| | <u>120,500</u> | <u>112,843</u> | <u>175,647</u> |
| Annual surplus (deficit) | \$ <u>-</u> | 34,529 | (8,575) |
| Accumulated surplus, beginning of year | | <u>24,420</u> | <u>32,995</u> |
| Accumulated surplus, end of year (Note 7) | | <u>\$ 58,949</u> | <u>\$ 24,420</u> |

See accompanying notes to the financial statements.

Westdale Business Improvement Area Statement of Changes in Net Financial Assets

| Year Ended December 31 | 2010 | 2009 |
|---|------------------|------------------|
| Annual surplus (deficit) | \$ 34,529 | \$ (8,575) |
| Acquisition of tangible capital assets | (13,581) | (1,334) |
| Amortization of tangible capital assets | <u>1,747</u> | <u>746</u> |
| | 22,695 | (9,163) |
| (Increase) decrease in prepaid expenses | <u>(37)</u> | <u>8</u> |
| Change in net financial assets | <u>22,658</u> | <u>(9,155)</u> |
| Net financial assets, beginning of year | <u>21,298</u> | <u>30,453</u> |
| Net financial assets, end of year | <u>\$ 43,956</u> | <u>\$ 21,298</u> |

See accompanying notes to the financial statements.

Westdale Business Improvement Area Statement of Cash Flows

| Year ended December 31 | 2010 | 2009 |
|--|------------------|------------------|
| Increase (decrease) in cash and cash equivalents | | |
| Operating | | |
| Annual surplus (deficit) | \$ 34,529 | \$ (8,575) |
| Amortization | <u>1,747</u> | <u>746</u> |
| | 36,276 | (7,829) |
| Changes in non-cash operating working capital: | | |
| Accounts receivable | (2,469) | 5,153 |
| Prepaid expenses | (37) | 8 |
| Accounts payable and accruals | 260 | (2,028) |
| Deferred revenue | <u>(60,250)</u> | <u>54,108</u> |
| | (26,220) | 49,412 |
| Capital | | |
| Purchase of tangible capital assets | <u>(13,581)</u> | <u>(1,334)</u> |
| Financing | | |
| Advances from (repayment to) City of Hamilton | <u>2,003</u> | <u>(592)</u> |
| Net (decrease) increase in cash and cash equivalents | (37,798) | 47,486 |
| Cash and cash equivalents, beginning of year | <u>85,200</u> | <u>37,714</u> |
| Cash and cash equivalents, end of year | \$ 47,402 | \$ 85,200 |

See accompanying notes to the financial statements.

Westdale Business Improvement Area

Notes to the Financial Statements

December 31, 2010

1. Purpose of the organization

Westdale Business Improvement Area ("the Organization") was established in 1986 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 Municipality. The Organization is also responsible for the promotion of this improvement area for business and shopping. The Organization is financed by a special levy charged upon businesses in the improvement area.

2. Summary of significant accounting policies

The financial statements of the Organization are prepared by management in accordance with Canadian generally accepted accounting principles for local governments, as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants. Significant aspects of the accounting policies adopted by the Organization are as follows:

Basis of accounting

Revenue and expenses are recorded on the accrual basis. The accrual basis of accounting recognizes revenues as they become available and measurable; expenses are recognized as they are incurred and measurable as a result of the receipt of goods or services and the creation of a legal obligation to pay.

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.

Tangible capital assets

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

| | |
|-----------------------|----------|
| Computer hardware | 5 years |
| Decorations | 5 years |
| Furniture & equipment | 10 years |

Use of estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles 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 reporting period. Actual results may vary from the current estimates. These estimates are reviewed periodically and, as adjustments become necessary, they are reported in earnings in the periods in which they become known.

Westdale Business Improvement Area Notes to the Financial Statements

December 31, 2010

2. Summary of significant accounting policies (continued)

Comparative figures

Certain of the comparative figures have been reclassified to conform with the presentation adopted in the current year.

3. Tangible capital assets

| | Furniture & Equipment | Computer Hardware | Decorations | 2010 | 2009 |
|---------------------------------|--------------------------|----------------------|-----------------|-------------------------|-----------------|
| Cost | | | | | |
| Balance, beginning of year | \$ - | \$ 1,337 | \$ 2,392 | \$ 3,729 | \$ 2,395 |
| Additions during the year | <u>7,129</u> | <u>-</u> | <u>6,452</u> | <u>13,581</u> | <u>1,334</u> |
| Balance, end of year | <u>7,130</u> | <u>1,337</u> | <u>8,844</u> | <u>17,310</u> | <u>3,729</u> |
| Accumulated amortization | | | | | |
| Balance, beginning of year | - | 666 | 985 | 1,651 | 905 |
| Amortization for the year | <u>356</u> | <u>267</u> | <u>1,124</u> | <u>1,747</u> | <u>746</u> |
| Balance, end of year | <u>356</u> | <u>933</u> | <u>2,109</u> | <u>3,398</u> | <u>1,651</u> |
| Net book value | \$ <u>6,774</u> | \$ <u>404</u> | \$ <u>6,735</u> | \$ <u>13,912</u> | \$ <u>2,078</u> |

4. Sponsorship – in kind

Donated service, which would otherwise be paid for by the Organization is recorded at fair value when provided. The value of the donations in-kind, as determined by the donors, amounted to \$ nil in 2010 (2009 - \$11,429) and has been included in sponsorship in-kind and festival in-kind expenses for the year.

5. Related party transactions

During the year, the Organization recorded the following transactions with the City of Hamilton:

| Revenues | 2010 | 2009 |
|--|--------------------------|--------------------------|
| Member levy collected on behalf of the Westdale BIA | \$ <u>120,500</u> | \$ <u>120,000</u> |

The City of Hamilton has also contributed \$13,949 (2009 - \$14,943) to commercial improvement programs undertaken by the Organization, and \$976 (2009 - \$8,970) in other grants.

Westdale Business Improvement Area Notes to the Financial Statements

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6. Financial instruments

The Organization's financial instruments consist of cash, term deposits, receivables and payables and accruals. It is management's opinion that the BIA is not exposed to significant interest rate risk arising from these financial instruments. The fair values of these financial instruments approximate their carrying values.

7. Accumulated surplus

| | <u>2010</u> | <u>2009</u> |
|----------------------------|------------------|------------------|
| Invested in capital assets | \$ 13,912 | \$ 2,078 |
| Surplus | <u>45,037</u> | <u>22,342</u> |
| Accumulated surplus | <u>\$ 58,949</u> | <u>\$ 24,420</u> |