



# INFORMATION REPORT

<b>TO:</b> Chair and Members Audit, Finance and Administration Committee	<b>WARD(S) AFFECTED:</b> CITY WIDE
<b>COMMITTEE DATE:</b> December 9, 2013	
<b>SUBJECT/REPORT NO:</b> 2012 Audited Financial Statements for City of Hamilton Business Improvement Areas (FCS13095) (City Wide)	
<b>SUBMITTED BY:</b> Mike Zegarac Acting General Manager Finance & Corporate Services	<b>PREPARED BY:</b> Tony Del Monaco (905) 546-2424 ext. 3020
<b>SIGNATURE:</b>	

**Council Direction:**  
Not Applicable.

**Information:**

Each year, the financial statements of the individual Business Improvement Areas (BIAs) of the City of Hamilton 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 2012 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).”

**SUBJECT: 2012 Audited Financial Statements for City of Hamilton Business Improvement Areas (FCS13095) (City Wide) Page 2 of 2**

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Appendix "A" to Report FCS13095 includes the final board approved financial statements for Ancaster BIA, Barton Village BIA, Downtown Hamilton BIA, International Village BIA, Locke Street BIA, Main St West Esplanade BIA, Ottawa Street BIA, Stoney Creek BIA, Waterdown BIA, and Westdale BIA. All of these BIAs have received an unqualified audit opinion.

At the time of writing, draft financial statements for Concession Street BIA, Dundas BIA, and King St. West BIA have been issued but not yet approved by the boards of management of these business improvement areas. City staff and the City's auditors, KPMG LLP, continue to communicate with these BIAs to obtain approval of the 2012 financial statements.

**Appendices / Schedules:**

Appendix "A" to Report FCS13095 – 2012 Audited Financial Statements for Business Improvement Areas for December 31, 2012.

Financial Statements of

**ANCASTER HERITAGE VILLAGE  
BUSINESS IMPROVEMENT AREA**

Year ended December 31, 2012



**KPMG LLP**  
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## INDEPENDENT AUDITORS' REPORT

To the Chairman and Members of 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 the Ancaster Heritage Village Business Improvement Area, which comprise the statement of financial position as at December 31, 2012, the statements of operations, changes in net financial assets (debt) and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

### *Management's Responsibility for the Financial Statements*

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

### *Auditors' Responsibility*

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our 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, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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



*Opinion*

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Ancaster Heritage Village Business Improvement Area as at December 31, 2012, and its results of operations and its changes in net financial assets (debt) and cash flows for the year then ended in accordance with Canadian public sector accounting standards.

*Comparative Information*

The financial statements of the Ancaster Heritage Village Business Improvement Area as at and for the year ended December 31, 2011, were audited by another auditor who expressed an unmodified opinion on those financial statements on May 14, 2012.

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

Chartered Accountants, Licensed Public Accountants

September 9, 2013  
Hamilton, Canada

## **ANCASTER HERITAGE VILLAGE BUSINESS IMPROVEMENT AREA**

### Financial Statements

Year ended December 31, 2012

#### Financial Statements

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## ANCASTER HERITAGE VILLAGE BUSINESS IMPROVEMENT AREA

### Statement of Financial Position

December 31, 2012, with comparative figures for 2011

	2012	2011
<b>Financial assets</b>		
Cash	\$ 4,000	\$ 75,434
Due from City of Hamilton	-	485
	<u>4,000</u>	<u>75,919</u>
<b>Financial liabilities</b>		
Accounts payable and accrued liabilities	7,963	2,410
Due to City of Hamilton	2,792	-
Deferred revenue	-	23,325
	<u>10,755</u>	<u>25,735</u>
Net financial assets (debt)	(6,755)	50,184
<b>Non-financial assets</b>		
Tangible capital assets (note 2)	57,227	59,405
Prepaid expenses	6,408	2,621
	<u>63,635</u>	<u>62,026</u>
Accumulated surplus (note 3)	\$ 56,880	\$ 112,210

See accompanying notes to financial statements.

On behalf of the Board:

\_\_\_\_\_ Director  
 \_\_\_\_\_ Director

## ANCASTER HERITAGE VILLAGE BUSINESS IMPROVEMENT AREA

### Statement of Operations

Year ended December 31, 2012, with comparative figures for 2011

	Budget (Unaudited - note 5)	2012	2011
<b>Revenue:</b>			
Assessment levy	\$ 93,300	\$ 90,022	\$ 93,300
City of Hamilton grant	-	20,317	30,279
Farmer's market income	-	13,913	6,573
Other income	-	5,352	255
<b>Total revenue</b>	<b>93,300</b>	<b>129,604</b>	<b>130,407</b>
<b>Expenses:</b>			
Advertising and promotion	20,000	40,488	29,218
Amortization	-	18,867	13,598
Ancaster farmer's market	-	19,064	5,867
Bad debt	-	-	634
Bank charges and interest	-	353	482
Beautification	22,000	23,469	7,647
Business taxes	-	388	-
CIP expenditures	-	2,000	6,903
Community events support	-	609	554
Donations	-	10,000	5,100
General initiatives	10,500	-	-
Grant	-	20,000	-
Insurance	-	6,012	4,494
Office expenses	13,300	2,487	2,059
Professional fees	-	529	599
Rent	-	6,780	6,780
Salaries	27,500	32,584	26,688
Utilities	-	1,304	1,422
<b>Total expenses</b>	<b>93,300</b>	<b>184,934</b>	<b>112,545</b>
Annual surplus (deficit)	-	(55,330)	17,862
Accumulated surplus, beginning of year	-	112,210	94,348
<b>Accumulated surplus, end of year</b>	<b>\$ -</b>	<b>\$ 56,880</b>	<b>\$ 112,210</b>

See accompanying notes to financial statements.



## ANCASTER HERITAGE VILLAGE BUSINESS IMPROVEMENT AREA

### Statement of Changes in Net Financial Assets (Debt)

Year ended December 31, 2012, with comparative figures for 2011

	2012	2011
Annual surplus (deficit)	\$ (55,330)	\$ 17,862
Acquisition of tangible capital assets	(16,689)	(32,792)
Amortization of tangible capital assets	18,867	13,598
Increase in prepaid expenses	(3,787)	(72)
Change in net financial assets (debt)	(56,939)	(1,404)
Net financial assets, beginning of year	50,184	51,588
Net financial assets (debt), end of year	\$ (6,755)	\$ 50,184

See accompanying notes to financial statements.

## ANCASTER HERITAGE VILLAGE BUSINESS IMPROVEMENT AREA

### Statement of Cash Flows

Year ended December 31, 2012, with comparative figures for 2011

	2012	2011
Cash provided by (used in):		
Operating Activities:		
Annual surplus (deficit)	\$ (55,330)	\$ 17,862
Items not involving cash:		
Amortization	18,867	13,598
Change in non-cash operating working capital:		
Prepaid expenses	(3,787)	(72)
Accounts payable and accrued liabilities	5,553	2,239
Deferred revenue	(23,325)	23,325
Net change in cash from operating activities	(58,022)	56,952
Capital activities:		
Cash used to acquire tangible capital assets	(16,689)	(32,792)
Financing activities:		
Change in due to/from City of Hamilton	3,277	1,251
Net increase (decrease) in cash	(71,434)	25,411
Cash, beginning of year	75,434	50,023
Cash, end of year	\$ 4,000	\$ 75,434

See accompanying notes to financial statements.

## **ANCASTER HERITAGE VILLAGE BUSINESS IMPROVEMENT AREA**

### Notes to Financial Statements

Year ended December 31, 2012

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

#### **1. Significant accounting policies:**

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

(a) Basis of accounting:

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

(b) Cash and cash equivalents:

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

(c) Government transfers:

Government transfers received relate to the assessment levy and operating grant. Transfers are recognized in the financial statements as revenues in the period in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amounts can be made.

(d) Deferred revenue:

Deferred revenues represent the tax bylaw revenue which has been collected, but for which the related services have yet to be performed. These amounts will be recognized as revenues in the fiscal year the services are performed.

## ANCASTER HERITAGE VILLAGE BUSINESS IMPROVEMENT AREA

Notes to Financial Statements (continued)

Year ended December 31, 2012

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### 1. Significant accounting policies (continued):

(e) Non-financial assets:

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

(i) Tangible capital assets:

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

Asset	Useful life - years
Decorations	5
Computers	5
Furniture	10

(f) Use of estimates:

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

## ANCASTER HERITAGE VILLAGE BUSINESS IMPROVEMENT AREA

Notes to Financial Statements (continued)

Year ended December 31, 2012

### 2. Tangible capital assets:

Cost	Balance at December 31, 2011	Additions	Disposals	Balance at December 31, 2012
Decorations	\$ 82,784	\$ 15,214	\$ -	\$ 97,998
Computers	-	1,475	-	1,475
Furniture	3,204	-	-	3,204
<b>Total</b>	<b>\$ 85,988</b>	<b>\$ 16,689</b>	<b>\$ -</b>	<b>\$ 102,677</b>

Accumulated amortization	Balance at December 31, 2011	Disposals	Amortization expense	Balance at December 31, 2012
Decorations	\$ 26,103	\$ -	\$ 18,078	\$ 44,181
Computers	-	-	148	148
Furniture	480	-	641	1,121
<b>Total</b>	<b>\$ 26,583</b>	<b>\$ -</b>	<b>\$ 18,867</b>	<b>\$ 45,450</b>

	Net book value December 31, 2011	Net book value December 31, 2012
Decorations	\$ 56,681	\$ 53,817
Computers	-	1,327
Furniture	2,724	2,083
<b>Total</b>	<b>\$ 59,405</b>	<b>\$ 57,227</b>

### 3. Accumulated surplus:

Accumulated surplus consists of the following:

	2012	2011
Surplus (deficit):		
Invested in tangible capital assets	\$ 57,227	\$ 59,405
Operating	(347)	52,805
	<b>\$ 56,880</b>	<b>\$ 112,210</b>

## ANCASTER HERITAGE VILLAGE BUSINESS IMPROVEMENT AREA

Notes to Financial Statements (continued)

Year ended December 31, 2012

### 4. Related party transactions:

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

	2012	2011
Revenue:		
Member levy collected on behalf of the Business Improvement Area	\$ 90,022	\$ 93,300

The City of Hamilton has also contributed \$6,628 (2011 - \$6,903) to commercial improvement programs undertaken by the Business Improvement Area, nil (2011 - \$15,000) for a program to purchase new planters, \$3,000 (2011 - \$nil) for the farmer's market, \$7,784 (2011 - \$7,471) from parking revenue sharing program, and \$2,905 (2011 - \$nil) in other miscellaneous grants.

### 5. Budget data:

The unaudited budget data presented in these financial statements is based upon the 2012 budget approved by the Board on December 12, 2011. Amortization was not contemplated on development of the budget and, as such, has not been included.

### 6. Comparative figures:

Certain 2011 comparative figures have been reclassified to conform with the financial statement presentation adopted for the current year.

Financial Statements of

**BARTON VILLAGE  
BUSINESS IMPROVEMENT AREA**

Year ended December 31, 2012



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## INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of Barton Village Business Improvement Area, which comprise the statement of financial position as at December 31, 2012, the statements of operations, changes in net financial assets and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

### *Management's Responsibility for the Financial Statements*

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

### *Auditors' Responsibility*

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our 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, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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





*Opinion*

In our opinion, the financial statements present fairly, in all material respects, the financial position of Barton Village Business Improvement Area as at December 31, 2012, and its results of operations and its changes in net financial assets and cash flows for the year then ended in accordance with Canadian public sector accounting standards.

*Other matters*

The financial statements of Barton Village Business Improvement Area for the year ended December 31, 2011, were audited by another auditor who expressed an unmodified audit opinion on those statements on June 19, 2012.

*KPMG LLP*

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Chartered Accountants, Licensed Public Accountants

October 1, 2013  
Hamilton, Canada

## **BARTON VILLAGE BUSINESS IMPROVEMENT AREA**

### Financial Statements

Year ended December 31, 2012

#### Financial Statements

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## BARTON VILLAGE BUSINESS IMPROVEMENT AREA

### Statement of Financial Position

December 31, 2012, with comparative figures for 2011

	2012	2011
<b>Financial assets</b>		
Cash	\$ 14,672	\$ 17,433
Due from City of Hamilton	10,523	14,004
	<u>25,195</u>	<u>31,437</u>
<b>Financial liabilities</b>		
Accounts payable and accrued liabilities	1,363	748
Deferred revenue	-	1,054
	<u>1,363</u>	<u>1,802</u>
Net financial assets	23,832	29,635
<b>Non-financial assets</b>		
Tangible capital assets (note 2)	11,419	10,792
Prepaid expenses	315	447
	<u>11,734</u>	<u>11,239</u>
Accumulated surplus (note 4)	\$ 35,566	\$ 40,874

See accompanying notes to financial statements.

On behalf of the Board:

\_\_\_\_\_ Director  
 \_\_\_\_\_ Director

## BARTON VILLAGE BUSINESS IMPROVEMENT AREA

### Statement of Operations

Year ended December 31, 2012, with comparative figures for 2011

	Budget (Unaudited - note 5)	2012	2011
<b>Revenue:</b>			
Assessment levy	\$ 46,630	\$ 46,630	\$ 50,046
City of Hamilton grants	-	10,950	5,124
Parking share revenue	-	11,494	11,561
Interest income	-	3	3
<b>Total revenue</b>	<b>46,630</b>	<b>69,077</b>	<b>66,734</b>
<b>Expenses:</b>			
Advertising and promotion	-	11,815	4,870
Bad debts	932	971	973
Commercial improvement	8,900	19,249	5,124
Event equipment and supplies	6,400	1,934	7,286
Insurance	1,750	2,022	1,509
Meetings	3,350	1,980	1,669
Office expenses	1,748	4,109	1,556
Professional fees	1,950	1,966	1,616
Rent	6,000	6,000	6,000
Repairs and maintenance	-	4,880	3,946
Research and development	600	-	-
Salaries – administrative	15,000	16,950	16,950
Amortization	-	2,509	1,885
<b>Total expenses</b>	<b>46,630</b>	<b>74,385</b>	<b>53,384</b>
Annual (deficit) surplus	-	(5,308)	13,350
Accumulated surplus, beginning of year	-	40,874	27,524
<b>Accumulated surplus, end of year</b>	<b>\$ -</b>	<b>\$ 35,566</b>	<b>\$ 40,874</b>

See accompanying notes to financial statements.

## BARTON VILLAGE BUSINESS IMPROVEMENT AREA

### Statement of Changes in Net Financial Assets

Year ended December 31, 2012, with comparative figures for 2011

	2012	2011
Annual surplus (deficit)	\$ (5,308)	\$ 13,350
Acquisition of tangible capital assets	(3,136)	(640)
Amortization of tangible capital assets	2,509	1,885
Decrease (increase) in prepaid expenses	132	(278)
Change in net financial assets (debt)	(5,803)	14,317
Net financial assets, beginning of year	29,635	15,318
Net financial assets, end of year	\$ 23,832	\$ 29,635

See accompanying notes to financial statements.

## BARTON VILLAGE BUSINESS IMPROVEMENT AREA

### Statement of Cash Flows

Year ended December 31, 2012, with comparative figures for 2011

	2012	2011
Cash provided by (used in):		
Operating Activities:		
Annual deficit	\$ (5,308)	\$ 13,350
Items not involving cash:		
Amortization	2,509	1,885
Changes in non-cash assets and liabilities:		
Prepaid expenses	132	(278)
Accounts payable and accrued liabilities	615	(105)
Deferred revenue	(1,054)	-
Net change in cash from operating activities	(3,106)	14,852
Capital activities:		
Cash used to acquire tangible capital assets	(3,136)	(640)
Financing activities:		
Change in due from City of Hamilton	3,481	(14,004)
Net (decrease) increase in cash	(2,761)	(208)
Cash, beginning of year	17,433	17,225
Cash, end of year	\$ 14,672	\$ 17,433

See accompanying notes to financial statements.

## **BARTON VILLAGE BUSINESS IMPROVEMENT AREA**

### Notes to Financial Statements

Year ended December 31, 2012

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

#### **1. Significant accounting policies:**

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

(a) Basis of accounting:

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

(b) Cash and cash equivalents:

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

(c) Deferred revenue:

Deferred revenues represent the tax levy bylaw revenue which has been collected, but for which the related services have yet to be performed. These amounts will be recognized as revenues in the fiscal year the services are performed.

## BARTON VILLAGE BUSINESS IMPROVEMENT AREA

Notes to Financial Statements (continued)

Year ended December 31, 2012

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### 1. Significant accounting policies (continued):

(d) Non-financial assets:

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

(i) Tangible capital assets:

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

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

(e) Use of estimates:

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



## BARTON VILLAGE BUSINESS IMPROVEMENT AREA

Notes to Financial Statements (continued)

Year ended December 31, 2012

### 2. Tangible capital assets:

Cost	Balance at December 31, 2011	Additions	Disposals	Balance at December 31 2012
Computer hardware	\$ 734	\$ -	\$ -	\$ 734
Furniture and equipment	2,702	-	-	2,702
Decorations	13,109	3,136	-	16,245
<b>Total</b>	<b>\$ 16,545</b>	<b>\$ 3,136</b>	<b>\$ -</b>	<b>\$ 19,681</b>

Accumulated amortization	Balance at December 31, 2011	Disposals	Amortization expense	Balance at December 31 2012
Computers	\$ 441	\$ -	\$ 147	\$ 588
Furniture and equipment	1,095	-	270	1,365
Decorations	4,217	-	2,092	6,309
<b>Total</b>	<b>\$ 5,753</b>	<b>\$ -</b>	<b>\$ 2,509</b>	<b>\$ 8,262</b>

	Net book value December 31, 2011	Net book value December 31 2012
Computers	\$ 293	\$ 146
Furniture and equipment	1,607	1,337
Decorations	8,892	9,936
<b>Total</b>	<b>\$ 10,792</b>	<b>\$ 11,419</b>

(a) Contributed tangible capital assets:

The Business Improvement Area received \$nil (2011 - \$nil) in contributed tangible capital assets.

(b) Tangible capital assets disclosed at nominal values:

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

(c) Write-down of tangible capital assets:

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

## BARTON VILLAGE BUSINESS IMPROVEMENT AREA

Notes to Financial Statements (continued)

Year ended December 31, 2012

### 3. Related party transactions:

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

Revenue:

	2012	2011
Member levy collected on behalf of the Business Improvement Area	\$ 46,630	\$ 46,630

The City of Hamilton has also contributed \$4,895 (2011 - \$5,124) to commercial improvement programs undertaken by the Business Improvement Area, \$11,494 (2011 - \$11,561) from parking sharing revenue program and \$6,055 (2011 - \$nil) in other grants.

### 4. Accumulated surplus:

Accumulated surplus consists of the following:

	2012	2011
Surplus:		
Invested in tangible capital assets	\$ 11,419	\$ 10,792
Operating surplus	24,147	30,082
Accumulated surplus	\$ 35,566	\$ 40,874

### 5. Budget data:

The unaudited budget data presented in these financial statements is based upon the 2012 budget approved by the Board on October 20, 2011. Amortization was not contemplated on development of the budget and, as such, has not been included.

### 6. Comparative figures:

Certain 2011 comparative figures have been reclassified to conform with the financial statement presentation adopted for the current year.

Financial Statements of

**DOWNTOWN HAMILTON  
BUSINESS IMPROVEMENT AREA**

Year ended December 31, 2012



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**Chartered Accountants**  
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www.kpmg.ca

## INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the Downtown Hamilton Business Improvement Area, which comprise the statement of financial position as at December 31, 2012, the statements of operations, changes in net financial assets (debt) and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

### *Management's Responsibility for the Financial Statements*

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

### *Auditors' Responsibility*

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our 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, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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



*Opinion*

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Downtown Hamilton Business Improvement Area as at December 31, 2012, and its results of operations and its changes in net financial assets (debt) and cash flows for the year then ended in accordance with Canadian public sector accounting standards.

*Other matters*

The financial statements of Downtown Hamilton Business Improvement Area as at and for the year ended December 31, 2011, were audited by another auditor who expressed an unmodified audit opinion on those financial statements on June 20, 2012.

*KPMG LLP*

---

Chartered Accountants, Licensed Public Accountants

September 19, 2013  
Hamilton, Canada

# **DOWNTOWN HAMILTON BUSINESS IMPROVEMENT AREA**

## Financial Statements

Year ended December 31, 2012

### Financial Statements

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## DOWNTOWN HAMILTON BUSINESS IMPROVEMENT AREA

### Statement of Financial Position

December 31, 2012, with comparative figures for 2011

	2012	2011
<b>Financial assets</b>		
Cash	\$ 69,120	\$ 77,413
HST receivable	17,102	27,217
Accounts receivable	2,064	584
Due from City of Hamilton	961	342
	<u>89,247</u>	<u>105,556</u>
<b>Financial liabilities</b>		
Accounts payable and accrued liabilities	22,074	17,201
Deferred revenue	68,750	62,500
	<u>90,824</u>	<u>79,701</u>
Net financial assets (debt)	(1,577)	25,855
<b>Non-financial assets</b>		
Tangible capital assets (note 2)	53,029	46,006
Prepaid expenses	3,394	3,582
	<u>56,423</u>	<u>49,588</u>
Accumulated surplus (note 3)	\$ 54,846	\$ 75,443

Commitments (note 4)

See accompanying notes to financial statements.

On behalf of the Board:

\_\_\_\_\_ Director

\_\_\_\_\_ Director

## DOWNTOWN HAMILTON BUSINESS IMPROVEMENT AREA

### Statement of Operations

Year ended December 31, 2012, with comparative figures for 2011

	Budget (Unaudited – note 7)	2012	2011
<b>Revenue:</b>			
Assessment levy (note 5)	\$ 250,000	\$ 249,437	\$ 237,999
City of Hamilton grants	-	20,232	18,013
Federal grant	-	7,121	4,102
Interest	100	24	47
Other	33,000	50,092	23,295
	283,100	326,906	283,456
<b>Expenses:</b>			
Administration	22,500	8,385	11,371
Amortization	6,800	11,620	14,380
Tax appeal	-	-	563
Beautification	64,000	25,598	41,397
Commercial improvement program	-	3,867	3,753
Office	37,700	42,480	47,942
Professional fees	2,000	2,185	1,855
Promotions	100,000	145,482	130,096
Salaries	90,000	107,886	77,213
	323,000	347,503	328,570
Annual deficit	(39,900)	(20,597)	(45,114)
Accumulated surplus, beginning of year	-	75,443	120,557
Accumulated surplus (deficit), end of year		\$ 54,846	\$ 75,443

See accompanying notes to financial statements.



## DOWNTOWN HAMILTON BUSINESS IMPROVEMENT AREA

### Statement of Changes in Net Financial Assets (Debt)

Year ended December 31, 2012, with comparative figures for 2011

	2012	2011
Annual deficit	\$ (20,597)	\$ (45,114)
Acquisition of tangible capital assets	(18,643)	(9,197)
Amortization of tangible capital assets	11,620	14,380
Decrease (increase) in prepaid expenses	188	(352)
Change in net financial assets (debt)	(27,432)	(40,283)
Net financial assets, beginning of year	25,855	66,138
Net financial assets (debt), end of year	\$ (1,577)	\$ 25,855

See accompanying notes to financial statements.

## DOWNTOWN HAMILTON BUSINESS IMPROVEMENT AREA

### Statement of Cash Flows

Year ended December 31, 2012, with comparative figures for 2011

	2012	2011
Cash provided by (used in):		
Operating activities:		
Annual deficit	\$ (20,597)	\$ (45,114)
Items not involving cash:		
Amortization	11,620	14,380
Change in non-cash financial assets and liabilities:		
HST receivable	10,115	4,893
Accounts receivable	(1,480)	2,611
Prepaid expenses	188	(352)
Accounts payable and accrued liabilities	4,873	2,517
Deferred revenue	6,250	62,500
Cash provided by operating activities	10,969	41,435
Capital activities:		
Cash used to acquire tangible capital assets	(18,643)	(9,197)
Financing activities:		
Change in due from City of Hamilton	(619)	5,856
Net (decrease) increase in cash	(8,293)	38,094
Cash, beginning of year	77,413	39,319
Cash, end of year	\$ 69,120	\$ 77,413

See accompanying notes to financial statements.

# DOWNTOWN HAMILTON BUSINESS IMPROVEMENT AREA

## Notes to Financial Statements

Year ended December 31, 2012

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

### 1. Significant accounting policies:

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

(a) Basis of accounting:

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

(b) Cash and cash equivalents:

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

(c) Government transfers:

Government transfers received relate to the assessment levy and operating grant. Transfers are recognized in the financial statements as revenues in the period in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amounts can be made.

(d) Deferred revenue:

Deferred revenue represents the tax bylaw revenue which has been collected, but for which the related services have yet to be performed. These amounts will be recognized as revenues in the fiscal year the services are performed.

# DOWNTOWN HAMILTON BUSINESS IMPROVEMENT AREA

Notes to Financial Statements (continued)

Year ended December 31, 2012

## 1. Significant accounting policies (continued):

### (e) Non-financial assets:

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

### (i) Tangible capital assets:

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

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

### (f) Use of estimates:

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

## DOWNTOWN HAMILTON BUSINESS IMPROVEMENT AREA

Notes to Financial Statements (continued)

Year ended December 31, 2012

### 2. Tangible capital assets:

Cost	Balance at December 31, 2011	Additions	Disposals	Balance at December 31 2012
Computer hardware	\$ 2,502	\$ -	\$ -	\$ 2,502
Computer software	206	-	-	206
Decorations	82,478	10,433	-	92,911
Furniture and equipment	47,170	8,210	-	55,380
<b>Total</b>	<b>\$ 132,356</b>	<b>\$ 18,643</b>	<b>\$ -</b>	<b>\$ 150,999</b>

Accumulated amortization	Balance at December 31, 2011	Disposals	Amortization expense	Balance at December 31 2012
Computer hardware	\$ 2,122	\$ -	\$ 262	\$ 2,384
Computer software	206	-	-	206
Decorations	72,081	-	5,820	77,901
Furniture and equipment	11,941	-	5,538	17,479
<b>Total</b>	<b>\$ 86,350</b>	<b>\$ -</b>	<b>\$ 11,620</b>	<b>\$ 97,970</b>

	Net book value December 31, 2011	Net book value December 31 2012
Computer hardware	\$ 380	\$ 118
Computer software	-	-
Decorations	10,397	15,010
Furniture and equipment	35,229	37,901
<b>Total</b>	<b>\$ 46,006</b>	<b>\$ 53,029</b>

(a) Contributed tangible capital assets:

The Business Improvement Area received \$nil (2011 - \$nil) in contributed tangible capital assets.

(b) Tangible capital assets disclosed at nominal values:

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

(c) Write-down of tangible capital assets:

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

## DOWNTOWN HAMILTON BUSINESS IMPROVEMENT AREA

Notes to Financial Statements (continued)

Year ended December 31, 2012

### 3. Accumulated surplus:

Accumulated surplus consists of the following:

	2012	2011
Surplus (deficit):		
Invested in tangible capital assets	\$ 53,029	\$ 46,006
Operating	1,817	29,437
	<u>\$ 54,846</u>	<u>\$ 75,443</u>

### 4. Commitments:

The Business Improvement Area 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:

2013	\$ 14,586
2014	12,155

### 5. Assessment levy:

The City of Hamilton has approved funding to the Business Improvement Area in the amount of \$250,000 (2011 - \$238,000). The difference between the assessment in the statement of operations is due to the tax appeal amount \$563 (2011 - \$1). This amount has been deducted from the approved assessment levy.

### 6. Related party transactions:

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

	2012	2011
Revenue:		
Member levy collected on behalf of the Business Improvement Area	\$ 249,437	\$ 237,999

The City of Hamilton also contributed \$3,867 (2011 - \$3,704) to commercial improvement programs undertaken by the Business Improvement Area and \$13,365 (2011 - \$14,260) from parking revenue sharing program and \$3,000 (2011 - \$976) in other grants.

# **DOWNTOWN HAMILTON BUSINESS IMPROVEMENT AREA**

Notes to Financial Statements (continued)

Year ended December 31, 2012

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## **7. Budget data:**

The unaudited budget data presented in these financial statements is based upon the 2012 budget approved by the Board. Amortization was not contemplated on development of the budget and, as such, has not been included.

Financial Statements of

**INTERNATIONAL VILLAGE  
BUSINESS IMPROVEMENT AREA**

Year ended December 31, 2012





**KPMG LLP**  
**Chartered Accountants**  
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## INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the International Village Business Improvement Area, which comprise the statement of financial position as at December 31, 2012, the statements of operations, changes in net financial assets and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

### *Management's Responsibility for the Financial Statements*

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

### *Auditors' Responsibility*

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our 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, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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



*Opinion*

In our opinion, the financial statements present fairly, in all material respects, the financial position of the International Village Business Improvement Area as at December 31, 2012, and its results of operations and its changes in net financial assets and cash flows for the year then ended in accordance with Canadian public sector accounting standards.

*Other matters*

The financial statements of International Village Business Improvement Area for the year ended December 31, 2011, were audited by another auditor who expressed an unmodified audit opinion on those statements on September 12, 2012.

*KPMG LLP*

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Chartered Accountants, Licensed Public Accountants

September 11<sup>th</sup>, 2013  
Hamilton, Canada

## **INTERNATIONAL VILLAGE BUSINESS IMPROVEMENT AREA**

### Financial Statements

Year ended December 31, 2012

### Financial Statements

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## INTERNATIONAL VILLAGE BUSINESS IMPROVEMENT AREA

### Statement of Financial Position

December 31, 2012, with comparative figures for 2011

	2012	2011
<b>Financial assets</b>		
Cash	\$ 136,001	\$ 36,994
Due from City of Hamilton	-	7,550
	136,001	44,544
<b>Financial liabilities</b>		
Accounts payable and accrued liabilities	1,897	2,339
Deferred revenue	70,000	-
	71,897	2,339
Net financial assets	64,104	42,205
<b>Non-financial assets</b>		
Tangible capital assets (note 2)	8,214	10,811
Accumulated surplus (note 4)	\$ 72,318	\$ 53,016

See accompanying notes to financial statements.

On behalf of the Board:

\_\_\_\_\_ Director

\_\_\_\_\_ Director

## INTERNATIONAL VILLAGE BUSINESS IMPROVEMENT AREA

### Statement of Operations

Year ended December 31, 2012, with comparative figures for 2011

	Budget (Unaudited – note 6)	2012	2011
<b>Revenue:</b>			
Assessment levy	\$ 140,000	\$ 140,112	\$ 140,000
Federal grant	-	4,305	7,243
City of Hamilton grants	-	15,805	27,280
Other	-	300	-
<b>Total revenue</b>	<b>140,000</b>	<b>160,522</b>	<b>174,523</b>
<b>Expenses:</b>			
Advertising and promotion	45,000	34,108	41,634
Amortization	-	2,597	2,747
Audit fees	600	678	678
Bad debts (recovery)	-	-	(112)
Commercial improvement	6,250	9,301	8,199
Insurance	1,600	1,678	1,592
Interest and bank charges	450	361	301
Office	12,700	8,351	15,069
Parking program expenditures	-	14,211	11,643
Rent	11,200	11,007	10,983
Repairs and maintenance	4,500	644	4,022
Web fees, interest	4,500	4,227	1,478
Utilities	-	-	3,150
Beautification and maintenance	3,200	5,335	4,400
Wages	50,000	48,722	48,921
<b>Total expenses</b>	<b>140,000</b>	<b>141,220</b>	<b>154,705</b>
Annual surplus	-	19,302	19,818
Accumulated surplus, beginning of year	-	53,016	33,198
<b>Accumulated surplus, end of year</b>	<b>\$ -</b>	<b>\$ 72,318</b>	<b>\$ 53,016</b>

See accompanying notes to financial statements.

## INTERNATIONAL VILLAGE BUSINESS IMPROVEMENT AREA

### Statement of Changes in Net Financial Assets

Year ended December 31, 2012, with comparative figures for 2011

	2012		2011	
Annual surplus	\$	19,302	\$	19,818
Amortization of tangible capital assets		2,597		2,747
Change in net financial assets		21,899		22,565
Net financial assets, beginning of year		42,205		19,640
Net financial assets, end of year	\$	64,104	\$	42,205

See accompanying notes to financial statements.

## INTERNATIONAL VILLAGE BUSINESS IMPROVEMENT AREA

### Statement of Cash Flows

Year ended December 31, 2012, with comparative figures for 2011

	2012	2011
Cash provided by (used in):		
Operating activities:		
Annual surplus	\$ 19,302	\$ 19,818
Items not involving cash:		
Amortization	2,597	2,747
Change in non-cash assets and liabilities:		
Accounts payable and accrued liabilities	(442)	(175)
Deferred revenue	70,000	(70,000)
Net change in cash from operating activities	91,457	(47,610)
Financing activities:		
Change in due from City of Hamilton	7,550	(7,550)
Net increase (decrease) in cash	99,007	(55,160)
Cash, beginning of year	36,994	92,154
Cash, end of year	\$ 136,001	\$ 36,994

See accompanying notes to financial statements.

## **INTERNATIONAL VILLAGE BUSINESS IMPROVEMENT AREA**

Notes to Financial Statements

Year ended December 31, 2012

---

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

### **1. Significant accounting policies:**

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

(a) Basis of accounting:

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

(b) Cash and cash equivalents:

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

(c) Deferred revenue:

Deferred revenues represent the tax levy bylaw revenue which has been collected, but for which the related services have yet to be performed. These amounts will be recognized as revenues in the fiscal year the services are performed.



## INTERNATIONAL VILLAGE BUSINESS IMPROVEMENT AREA

Notes to Financial Statements (continued)

Year ended December 31, 2012

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### 1. Significant accounting policies (continued):

(d) Non-financial assets:

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

(i) Tangible capital assets:

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

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

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(e) Use of estimates:

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

## INTERNATIONAL VILLAGE BUSINESS IMPROVEMENT AREA

Notes to Financial Statements (continued)

Year ended December 31, 2012

### 2. Tangible capital assets:

Cost	Balance at December 31, 2011	Additions	Disposals	Balance at December 31 2012
Computer hardware	\$ 2,652	\$ -	\$ -	\$ 2,652
Furniture and equipment	7,187	-	-	7,187
Decorations	7,489	-	-	7,489
<b>Total</b>	<b>\$ 17,328</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 17,328</b>

Accumulated amortization	Balance at December 31, 2011	Disposals	Amortization expense	Balance at December 31 2012
Computer hardware	\$ 2,272	\$ -	\$ 380	\$ 2,652
Furniture and equipment	2,687	-	719	3,406
Decorations	1,558	-	1,498	3,056
<b>Total</b>	<b>\$ 6,517</b>	<b>\$ -</b>	<b>\$ 2,597</b>	<b>\$ 9,114</b>

	Net book value December 31, 2011	Net book value December 31 2012
Computer hardware	\$ 380	\$ -
Furniture and equipment	4,500	3,781
Decorations	5,931	4,433
<b>Total</b>	<b>\$ 10,811</b>	<b>\$ 8,214</b>

(a) Contributed tangible capital assets:

The Business Improvement Area received \$nil (2011 - \$nil) in contributed tangible capital assets.

(b) Tangible capital assets disclosed at nominal values:

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

(c) Write-down of tangible capital assets:

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

## INTERNATIONAL VILLAGE BUSINESS IMPROVEMENT AREA

Notes to Financial Statements (continued)

Year ended December 31, 2012

### 3. Related party transactions:

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

Revenue:

	2012	2011
Member levy collected on behalf of the Business Improvement Area	\$ 140,112	\$140,000

The City of Hamilton has also contributed \$450 (2011 - \$8,199) to commercial improvement programs undertaken by the Business Improvement Area, \$14,200 (2011 - \$18,176) from parking sharing revenue program and \$1,155 (2011 - \$905) in other grants.

### 4. Accumulated surplus:

Accumulated surplus consists of the following:

	2012	2011
Surplus:		
Invested in tangible capital assets	\$ 8,214	\$ 10,811
Surplus	64,104	42,205
Accumulated surplus	\$ 72,318	\$ 53,016

### 5. Letter of credit:

The Business Improvement Area has a \$3,000 revolving demand line of credit. The line of credit bears interest at 8.5%. As at December 31, 2012 the line of credit had a \$nil balance.

### 6. Budget data:

The unaudited budget data presented in these financial statements is based upon the 2012 budget approved by the Board on October 24, 2011. Amortization was not contemplated on development of the budget and, as such, has not been included.

### 7. Comparative figures:

Certain 2011 comparative figures have been reclassified to conform with the financial statement presentation adopted for the current year.

Financial Statements of

**LOCKE STREET BUSINESS  
IMPROVEMENT AREA**

Year ended December 31, 2012



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## INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the Locke Street Business Improvement Area, which comprise the statement of financial position as at December 31, 2012, the statements of operations, changes in net financial assets and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

### *Management's Responsibility for the Financial Statements*

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

### *Auditors' Responsibility*

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our 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, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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



*Opinion*

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Locke Street Business Improvement Area as at December 31, 2012, and its results of operations and its changes in net financial assets and cash flows for the year then ended in accordance with Canadian public sector accounting standards.

*Other matters*

The financial statements of the Locke Street Business Improvement Area for the year ended December 31, 2011, were audited by another auditor who expressed an unmodified audit opinion on those statements on June 5, 2012.

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

Chartered Accountants, Licensed Public Accountants

September 4<sup>th</sup>, 2013  
Hamilton, Canada

## **LOCKE STREET BUSINESS IMPROVEMENT AREA**

### Financial Statements

Year ended December 31, 2012

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## LOCKE STREET BUSINESS IMPROVEMENT AREA

### Statement of Financial Position

December 31, 2012, with comparative figures for 2011

	2012	2011
<b>Financial assets</b>		
Cash	\$ 8,682	\$ 11,513
Accounts receivable	1,953	1,644
	<u>10,635</u>	<u>13,157</u>
<b>Financial liabilities</b>		
Accounts payable and accrued liabilities	50	1,759
Due to City of Hamilton	-	924
Deferred revenue	500	2,562
	<u>550</u>	<u>5,245</u>
Net financial assets	10,085	7,912
<b>Non-financial assets</b>		
Prepaid expenses	742	790
Accumulated surplus	<u>\$ 10,827</u>	<u>\$ 8,702</u>

See accompanying notes to financial statements.

On behalf of the Board:

\_\_\_\_\_ Director  
 \_\_\_\_\_ Director



## LOCKE STREET BUSINESS IMPROVEMENT AREA

### Statement of Operations

Year ended December 31, 2012, with comparative figures for 2011

	Budget (Unaudited – note 3)	2012	2011
<b>Revenue:</b>			
Assessment levy	\$ 10,250	\$ 10,250	\$ 10,250
City of Hamilton grants	-	16,997	14,778
Other	-	113	-
<b>Total revenue</b>	<b>10,250</b>	<b>27,360</b>	<b>25,028</b>
<b>Expenses:</b>			
Advertising and promotion	6,000	8,866	6,449
Commercial improvement	-	8,612	12,426
Donations	-	225	50
Insurance	2,000	1,828	1,890
Miscellaneous	1,000	394	-
Office supplies	250	124	84
Professional fees	500	966	289
Special events	500	560	450
Website development	-	3,660	343
<b>Total expenses</b>	<b>10,250</b>	<b>25,235</b>	<b>21,981</b>
Annual surplus	-	2,125	3,047
Accumulated surplus, beginning of year	-	8,702	5,655
<b>Accumulated surplus, end of year</b>	<b>\$ -</b>	<b>\$ 10,827</b>	<b>\$ 8,702</b>

See accompanying notes to financial statements.

## LOCKE STREET BUSINESS IMPROVEMENT AREA

### Statement of Changes in Net Financial Assets

Year ended December 31, 2012, with comparative figures for 2011

	2012	2011
Annual surplus	\$ 2,125	\$ 3,047
Decrease in prepaid expenses	48	1,350
Change in net financial assets	2,173	4,397
Net financial assets, beginning of year	7,912	3,515
Net financial assets, end of year	\$ 10,085	\$ 7,912

See accompanying notes to financial statements.

## LOCKE STREET BUSINESS IMPROVEMENT AREA

### Statement of Cash Flows

Year ended December 31, 2012, with comparative figures for 2011

	2012	2011
Cash provided by (used in):		
Operating activities:		
Annual surplus	\$ 2,125	\$ 3,047
Change in non-cash assets and liabilities:		
Accounts receivable	(309)	(1,412)
Prepaid expenses	48	1,350
Accounts payable and accrued liabilities	(1,709)	1,540
Deferred revenue	(2,062)	2,562
Net change in cash from operating activities	(1,907)	7,087
Financing activities:		
Change in due to City of Hamilton	(924)	664
Net (decrease) increase in cash	(2,831)	7,751
Cash, beginning of year	11,513	3,762
Cash, end of year	\$ 8,682	\$ 11,513

See accompanying notes to financial statements.

## **LOCKE STREET BUSINESS IMPROVEMENT AREA**

### Notes to Financial Statements

Year ended December 31, 2012

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

#### **1. Significant accounting policies:**

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

(a) Basis of accounting:

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

(b) Cash and cash equivalents:

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

(c) Deferred revenue:

Deferred revenues represent the tax levy bylaw revenue which has been collected, but for which the related services have yet to be performed. These amounts will be recognized as revenues in the fiscal year the services are performed.

(d) Non-financial assets:

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

(e) Use of estimates:

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

## LOCKE STREET BUSINESS IMPROVEMENT AREA

Notes to Financial Statements (continued)

Year ended December 31, 2012

### 2. Related party transactions:

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

Revenue:

	2012	2011
Member levy collected on behalf of the Business Improvement Area	\$ 10,250	\$ 10,250

The City of Hamilton has also contributed \$6,789 (2011 - \$6,630) to commercial improvement programs undertaken by the Business Improvement Area and \$10,208 (2011 - \$8,148) from parking sharing revenue program.

### 3. Budget data:

The unaudited budget data presented in these financial statements is based upon the 2012 budget approved by the Board on November 1, 2011. Amortization was not contemplated on development of the budget and, as such, has not been included.

### 4. Comparative figures:

Certain 2011 comparative figures have been reclassified to conform with the financial statement presentation adopted for the current year.

Financial Statements of

**MAIN STREET WEST  
ESPLANADE BUSINESS  
IMPROVEMENT AREA**

Period ended December 31, 2012



**KPMG LLP**  
**Chartered Accountants**  
Box 976  
21 King Street West Suite 700  
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Telephone (905) 523-8200  
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## INDEPENDENT AUDITORS' REPORT

To the Chairman and Members of the Board of Management of the Main Street West Esplanade 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 the Main Street West Esplanade Business Improvement Area, which comprise the statement of financial position as at December 31, 2012, the statements of operations, changes in net financial assets and cash flows for the period ended December 31, 2012, and notes, comprising a summary of significant accounting policies and other explanatory information.

### *Management's Responsibility for the Financial Statements*

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

### *Auditors' Responsibility*

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our 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, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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



*Opinion*

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Main Street West Esplanade Business Improvement Area as at December 31, 2012, and its results of operations and its changes in net financial assets and cash flows for the year then ended in accordance with Canadian public sector accounting standards.

*KPMG LLP*

---

Chartered Accountants, Licensed Public Accountants

October 10, 2013  
Hamilton, Canada



## **MAIN STREET WEST ESPLANADE BUSINESS IMPROVEMENT AREA**

### Financial Statements

Period ended December 31, 2012

### Financial Statements

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# MAIN STREET WEST ESPLANADE BUSINESS IMPROVEMENT AREA

Statement of Financial Position  
December 31, 2012

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## Financial assets

Cash	\$	12,881
Due from City of Hamilton		908
		<hr/>
		13,789

## Financial liabilities

Accounts payable and accrued liabilities		2,000
Deferred revenue		1,195
		<hr/>
		3,195

Net financial assets		<hr/>
		10,594

## Non-financial assets

Prepaid expenses		765
------------------	--	-----

Accumulated surplus	\$	<hr/>
		11,359

See accompanying notes to financial statements.

On behalf of the Board:

\_\_\_\_\_ Director

\_\_\_\_\_ Director

## MAIN STREET WEST ESPLANADE BUSINESS IMPROVEMENT AREA

Statement of Operations  
Period ended December 31, 2012

	Budget (Unaudited – note 3)	2012
Revenue:		
Government grants	\$ -	\$ 961
Assessment levy	7,800	7,748
<b>Total revenue</b>	<b>7,800</b>	<b>8,709</b>
Expenses:		
Advertising and promotion	2,000	-
Banners	3,000	-
Office supplies	2,233	-
B.I.A Awards	750	-
Holiday decor	1,500	-
Planning and consulting	2,000	-
Reserve fund	2,000	-
Beautification	3,000	4,153
Insurance	1,000	1,071
Professional fees	-	2,000
Other	-	5
Interest and bank charges	-	126
<b>Total expenses</b>	<b>17,483</b>	<b>7,355</b>
Annual surplus (deficit)	(9,683)	1,354
Accumulated surplus, beginning of period	-	10,005
<b>Accumulated surplus, end of period</b>	<b>\$ (9,683)</b>	<b>\$ 11,359</b>

See accompanying notes to financial statements.

## **MAIN STREET WEST ESPLANADE BUSINESS IMPROVEMENT AREA**

Statement of Changes in Net Financial Assets  
Period ended December 31, 2012

---

Annual surplus	\$	1,354
Increase in prepaid expenses		(765)
Change in net financial assets		589
Net financial assets, beginning of period		10,005
Net financial assets, end of period	\$	10,594

---

See accompanying notes to financial statements.

## MAIN STREET WEST ESPLANADE BUSINESS IMPROVEMENT AREA

Statement of Cash Flows  
Year ended December 31, 2012

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Cash provided by (used in):

Operating activities:

Annual surplus	\$	1,354
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Change in non-cash assets and liabilities:

Prepaid expenses		(765)
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Accounts payable and accrued liabilities		2,000
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Deferred revenue		1,195
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Due to City of Hamilton		(1,508)
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Net change in cash from operating activities		922
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Net increase in cash		2,276
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Cash, beginning of period		10,605
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Cash, end of period	\$	12,881
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See accompanying notes to financial statements.

# MAIN STREET WEST ESPLANADE BUSINESS IMPROVEMENT AREA

Notes to Financial Statements  
Period ended December 31, 2012

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

The Business Improvement Area was inactive from January 1, 2010 until July 12, 2012. During this time period the City of Hamilton held all assets of the Business Improvement Area in trust. On July 12, 2012 the assets were returned to the Business Improvement Area when it recommenced normal business operations.

## 1. Significant accounting policies:

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

### (a) Basis of accounting:

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

### (b) Cash and cash equivalents:

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

### (c) Government transfers:

Government transfers received relate to the assessment levy and operating grant. Transfers are recognized in the financial statements as revenues in the period in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amounts can be made.

### (d) Deferred revenue:

Deferred revenues represent the tax bylaw revenue which has been collected, but for which the related services have yet to be performed. These amounts will be recognized as revenues in the fiscal year the services are performed.

# MAIN STREET WEST ESPLANADE BUSINESS IMPROVEMENT AREA

Notes to Financial Statements (continued)  
Period ended December 31, 2012

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## 1. Significant accounting policies (continued):

### (e) Non-financial assets:

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

### (f) Use of estimates:

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

## 2. Related party transactions:

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

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### Revenue:

Member levy collected on behalf of the Business Improvement Area	\$ 7,748
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## 3. Budget data:

The unaudited budget data presented in these financial statements is based upon the 2012 budget approved by the Board.

Financial Statements of

**OTTAWA STREET  
BUSINESS IMPROVEMENT AREA**

Year ended December 31, 2012





**KPMG LLP**  
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## INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of Ottawa Street Business Improvement Area, which comprise the statement of financial position as at December 31, 2012, the statements of operations, changes in net financial assets (debt) and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

### *Management's Responsibility for the Financial Statements*

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

### *Auditors' Responsibility*

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our 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, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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



*Opinion*

In our opinion, the financial statements present fairly, in all material respects, the financial position of Ottawa Street Business Improvement Area as at December 31, 2012, and its results of operations and its changes in net financial assets (debt) and cash flows for the year then ended in accordance with Canadian public sector accounting standards.

*Other matters*

The financial statements of Ottawa Street Business Improvement Area for the year ended December 31, 2011, were audited by another auditor who expressed an unmodified audit opinion on those statements on June 14, 2012.

*KPMG LLP*

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Chartered Accountants, Licensed Public Accountants

October 10, 2013  
Hamilton, Canada

## **OTTAWA STREET BUSINESS IMPROVEMENT AREA**

### Financial Statements

Year ended December 31, 2012

#### Financial Statements

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## OTTAWA STREET BUSINESS IMPROVEMENT AREA

### Statement of Financial Position

December 31, 2012, with comparative figures for 2011

	2012	2011
<b>Financial assets</b>		
Cash	\$ 3,180	\$ 48,504
Due from City of Hamilton	-	912
Accounts receivable	19,641	20,395
	<u>22,821</u>	<u>69,811</u>
<b>Financial liabilities</b>		
Accounts payable and accrued liabilities	12,255	356
Due to City of Hamilton	14,662	-
Deferred revenue	-	66,125
	<u>26,917</u>	<u>66,481</u>
Net financial assets (debt)	(4,096)	3,330
<b>Non-financial assets</b>		
Tangible capital assets (note 2)	4,146	5,537
Prepaid expenses	1,643	1,949
Accumulated surplus (note 4)	<u>\$ 1,693</u>	<u>\$ 10,816</u>

Commitment (note 5)

See accompanying notes to financial statements.

On behalf of the Board:

\_\_\_\_\_ Director

\_\_\_\_\_ Director

## OTTAWA STREET BUSINESS IMPROVEMENT AREA

### Statement of Operations

Year ended December 31, 2012, with comparative figures for 2011

	Budget (Unaudited - note 6)	2012	2011
<b>Revenue:</b>			
Assessment levy	\$ 132,250	\$ 134,982	\$ 132,250
City of Hamilton grant	-	38,064	36,807
Farmer's market	-	25,395	25,422
Other income	-	29,726	4,867
<b>Total revenue</b>	<b>132,250</b>	<b>228,167</b>	<b>199,346</b>
<b>Expenses:</b>			
Advertising and promotion	36,500	49,647	47,828
Administrative services	48,500	92,246	105,433
Amortization	-	1,636	1,625
Audit fees	-	-	467
Bad debts	1,000	17,647	-
Beautification	6,000	18,919	8,982
Insurance	3,500	1,050	2,695
Office	750	1,111	10,231
Project costs	23,000	30,177	21,055
Rent	13,000	24,857	3,769
<b>Total expenses</b>	<b>132,250</b>	<b>237,290</b>	<b>202,085</b>
<b>Annual deficit</b>	<b>-</b>	<b>(9,123)</b>	<b>(2,739)</b>
<b>Accumulated surplus, beginning of year</b>	<b>10,816</b>	<b>10,816</b>	<b>13,555</b>
<b>Accumulated surplus, end of year</b>	<b>\$ 10,816</b>	<b>\$ 1,693</b>	<b>\$ 10,816</b>

See accompanying notes to financial statements.

## OTTAWA STREET BUSINESS IMPROVEMENT AREA

### Statement of Changes in Net Financial Assets (Debt)

Year ended December 31, 2012, with comparative figures for 2011

	2012	2011
Annual deficit	\$ (9,123)	\$ (2,739)
Acquisition of tangible capital assets	(245)	(1,366)
Amortization of tangible capital assets	1,636	1,625
Decrease in prepaid expenses	306	96
Change in net financial assets (debt)	(7,426)	(2,384)
Net financial assets, beginning of year	3,330	5,714
Net financial assets (debt), end of year	\$ (4,096)	\$ 3,330

See accompanying notes to financial statements.

## OTTAWA STREET BUSINESS IMPROVEMENT AREA

### Statement of Cash Flows

Year ended December 31, 2012, with comparative figures for 2011

	2012	2011
Cash provided by (used in):		
Operating activities:		
Annual deficit	\$ (9,123)	\$ (2,739)
Items not involving cash:		
Amortization	1,636	1,625
Changes in non-cash assets and liabilities:		
Accounts receivable	754	(10,214)
Prepaid expenses	306	96
Accounts payable and accrued liabilities	11,899	(3,301)
Deferred revenue	(66,125)	(904)
Net change in cash from operating activities	(60,653)	(15,437)
Capital activities:		
Cash used to acquire tangible capital assets	(245)	(1,366)
Financing activities:		
(Repayment of) advances from City of Hamilton	15,574	(4,372)
Net decrease in cash	(45,324)	(21,175)
Cash, beginning of year	48,504	69,679
Cash, end of year	\$ 3,180	\$ 48,504

See accompanying notes to financial statements.

## OTTAWA STREET BUSINESS IMPROVEMENT AREA

### Notes to Financial Statements

Year ended December 31, 2012

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

#### 1. Significant accounting policies:

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

(a) Basis of accounting:

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

(b) Cash and cash equivalents:

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

(c) Deferred revenue:

Deferred revenues represent the tax levy bylaw revenue which has been collected, but for which the related services have yet to be performed. These amounts will be recognized as revenues in the fiscal year the services are performed.



## OTTAWA STREET BUSINESS IMPROVEMENT AREA

Notes to Financial Statements (continued)

Year ended December 31, 2012

### 1. Significant accounting policies (continued):

(d) Non-financial assets:

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

(i) Tangible capital assets:

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

Asset	Useful life - years
Computers	5
Decorations	5
Leasehold improvements	10

(e) Use of estimates:

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

## OTTAWA STREET BUSINESS IMPROVEMENT AREA

Notes to Financial Statements (continued)

Year ended December 31, 2012

### 2. Tangible capital assets:

Cost	Balance at December 31, 2011	Additions	Disposals	Balance at December 31 2012
Computers	\$ 303	\$ -	\$ -	\$ 303
Leasehold improvements	1,366	245	-	1,611
Decorations	7,128	-	-	7,128
<b>Total</b>	<b>\$ 8,797</b>	<b>\$ 245</b>	<b>\$ -</b>	<b>\$ 9,042</b>

Accumulated amortization	Balance at December 31, 2011	Disposals	Amortization expense	Balance at December 31 2012
Computers	\$ 152	\$ -	\$ 61	\$ 213
Leasehold improvements	139	-	149	288
Decorations	2,969	-	1,426	4,395
<b>Total</b>	<b>\$ 3,260</b>	<b>\$ -</b>	<b>\$ 1,636</b>	<b>\$ 4,896</b>

	Net book value December 31, 2011	Net book value December 31 2012
Computers	\$ 151	\$ 90
Leasehold improvements	1,227	1,323
Decorations	4,159	2,733
<b>Total</b>	<b>\$ 5,537</b>	<b>\$ 4,146</b>

(a) Contributed tangible capital assets:

The Business Improvement Area received \$nil (2011 - \$nil) in contributed tangible capital assets.

(b) Tangible capital assets disclosed at nominal values:

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

(c) Write-down of tangible capital assets:

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

## OTTAWA STREET BUSINESS IMPROVEMENT AREA

Notes to Financial Statements (continued)

Year ended December 31, 2012

### 3. Related party transactions:

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

Revenue:

	2012	2011
Member levy collected on behalf of the Business Improvement Area	\$ 134,982	\$132,250

The City of Hamilton has also contributed \$13,873 (2011 - \$14,345) to commercial improvement programs undertaken by the Business Improvement Area, \$22,983 (2011 - \$22,462) from parking sharing revenue program and \$1,208 (2011 - \$10,000) in other grants.

### 4. Accumulated surplus:

Accumulated surplus (deficit) consists of the following:

	2012	2011
Surplus (deficit):		
Invested in tangible capital assets	\$ 4,146	\$ 5,537
Operating surplus (deficit)	(2,453)	5,279
Accumulated surplus	\$ 1,693	\$ 10,816

### 5. Commitment:

The organization is committed under an operating lease for the rental of office space. Future minimum lease payments under this operating lease are as follows:

2013	\$ 6,513
------	----------

### 6. Budget data:

The unaudited budget data presented in these financial statements is based upon the 2012 budget approved by the Board on October 13, 2011. Amortization was not contemplated on development of the budget and, as such, has not been included.

## **OTTAWA STREET BUSINESS IMPROVEMENT AREA**

Notes to Financial Statements (continued)

Year ended December 31, 2012

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### **7. Comparative figures:**

Certain 2011 comparative figures have been reclassified to conform with the financial statement presentation adopted for the current year.

Financial Statements of

**STONEY CREEK BUSINESS  
IMPROVEMENT AREA**

Year ended December 31, 2012



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**Chartered Accountants**  
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## INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the Stoney Creek Business Improvement Area, which comprise the statement of financial position as at December 31, 2012, the statements of operations, changes in net financial assets and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

### *Management's Responsibility for the Financial Statements*

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

### *Auditors' Responsibility*

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our 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, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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



*Opinion*

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Stoney Creek Business Improvement Area as at December 31, 2012, and its results of operations and its changes in net financial assets and cash flows for the year then ended in accordance with Canadian public sector accounting standards.

*Other matters*

The financial statements of the Stoney Creek Business Improvement Area for the year ended December 31, 2011, were audited by another auditor who expressed an unmodified audit opinion on those statements on May 23, 2012.

*KPMG LLP*

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Chartered Accountants, Licensed Public Accountants

September 24, 2013  
Hamilton, Canada

# STONEY CREEK BUSINESS IMPROVEMENT AREA

## Financial Statements

Year ended December 31, 2012

### Financial Statements

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# STONEY CREEK BUSINESS IMPROVEMENT AREA

## Statement of Financial Position

December 31, 2012, with comparative figures for 2011

	2012	2011
<b>Financial assets</b>		
Cash	\$ 12,649	\$ 11,456
Accounts receivable	1,052	-
Due from the City of Hamilton	-	1,840
	<u>13,701</u>	<u>13,296</u>
<b>Financial liabilities</b>		
Accounts payable and accrued liabilities	-	25
Net financial assets	13,701	13,271
<b>Non-financial assets</b>		
Tangible capital assets (note 2)	4,815	7,681
Prepaid expenses	624	592
	<u>5,439</u>	<u>8,273</u>
Accumulated surplus (note 4)	\$ 19,140	\$ 21,544

See accompanying notes to financial statements.

On behalf of the Board:

\_\_\_\_\_ Director

\_\_\_\_\_ Director

## STONEY CREEK BUSINESS IMPROVEMENT AREA

### Statement of Operations

Year ended December 31, 2012, with comparative figures for 2011

	Budget (Unaudited – note 5)	2012	2011
<b>Revenue:</b>			
Assessment levy	\$ 26,400	\$ 13,718	\$ 14,958
City of Hamilton grants	-	859	7,478
<b>Total revenue</b>	<b>26,400</b>	<b>14,577</b>	<b>22,436</b>
<b>Expenses:</b>			
Administration	2,000	1,920	1,950
Advertising and promotion	6,500	764	1,340
Amortization	-	2,866	2,866
Audit fees	-	474	1,075
Bad debts	-	-	98
Bank charges and interest	14,000	10	30
Beautification	-	3,363	2,412
Commercial improvement	-	2,034	2,314
Christmas decorations and Santa Claus parade	500	3,523	3,187
Insurance	1,400	1,466	1,411
Office supplies	-	225	720
Special events	2,000	336	1,000
<b>Total expenses</b>	<b>26,400</b>	<b>16,981</b>	<b>18,403</b>
Annual surplus (deficit)	-	(2,404)	4,033
Accumulated surplus, beginning of year		21,544	17,511
<b>Accumulated surplus, end of year</b>		<b>\$ 19,140</b>	<b>\$ 21,544</b>

See accompanying notes to financial statements.

## STONEY CREEK BUSINESS IMPROVEMENT AREA

### Statement of Changes in Net Financial Assets

Year ended December 31, 2012, with comparative figures for 2011

	2012	2011
Annual surplus (deficit)	\$ (2,404)	\$ 4,033
Amortization of tangible capital assets	2,866	2,866
Increase in prepaid expenses	(32)	(28)
Change in net financial assets	430	6,871
Net financial assets, beginning of year	13,271	6,400
Net financial assets, end of year	\$ 13,701	\$ 13,271

See accompanying notes to financial statements.

## STONEY CREEK BUSINESS IMPROVEMENT AREA

### Statement of Cash Flows

Year ended December 31, 2012, with comparative figures for 2011

	2012	2011
Cash provided by (used in):		
Operating Activities:		
Annual surplus (deficit)	\$ (2,404)	\$ 4,033
Amortization	2,866	2,866
Change in non-cash assets and liabilities:		
Accounts receivable	(1,052)	-
Prepaid expenses	(32)	(28)
Accounts payable and accrued liabilities	(25)	(1,175)
Net change in cash from operating activities	(647)	5,696
Financing activities:		
Change in due from City of Hamilton	1,840	(1,840)
Net increase in cash	1,193	3,856
Cash, beginning of year	11,456	7,600
Cash, end of year	\$ 12,649	\$ 11,456

See accompanying notes to financial statements.

# STONEY CREEK BUSINESS IMPROVEMENT AREA

Notes to Financial Statements

Year ended December 31, 2012

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

## 1. Significant accounting policies:

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

### (a) Basis of accounting:

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

### (b) Cash and cash equivalents:

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

### (c) Government transfers:

Government transfers received relate to the assessment levy and operating grant. Transfers are recognized in the financial statements as revenues in the period in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amounts can be made.

# STONEY CREEK BUSINESS IMPROVEMENT AREA

Notes to Financial Statements (continued)

Year ended December 31, 2012

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## 1. Significant accounting policies (continued):

(d) Non-financial assets:

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

(i) Tangible capital assets:

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

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Asset	Useful life - years
Decorations/banners	5

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(e) Use of estimates:

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

# STONEY CREEK BUSINESS IMPROVEMENT AREA

Notes to Financial Statements (continued)

Year ended December 31, 2012

## 2. Tangible capital assets:

Cost	Balance at December 31, 2011	Additions	Disposals	Balance at December 31 2012
Decorations	\$ 14,329	\$ -	\$ -	\$ 14,329

  

Accumulated amortization	Balance at December 31, 2011	Disposals	Amortization expense	Balance at December 31 2012
Decorations	\$ 6,648	\$ -	\$ 2,866	\$ 9,514

  

	Net book value December 31, 2012	Net book value December 31 2011
Decorations	\$ 4,815	\$ 7,681

(a) Contributed tangible capital assets:

The Business Improvement Area received \$nil (2011 - \$nil) in contributed tangible capital assets.

(b) Tangible capital assets disclosed at nominal values:

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

(c) Write-down of tangible capital assets:

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

# STONEY CREEK BUSINESS IMPROVEMENT AREA

Notes to Financial Statements (continued)

Year ended December 31, 2012

### 3. Related party transactions:

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

Revenue:

	2012	2011
Member levy collected on behalf of the Business Improvement Area	\$ 13,718	\$ 14,958

The City of Hamilton has also contributed \$8591 (2011 - \$2,314) to commercial improvement programs undertaken by the Business Improvement Area, \$nil (2011 - \$3,522) from the parking sharing revenue program and \$nil (2011 \$971) in other grants.

### 4. Accumulated surplus:

Accumulated surplus consists of the following:

	2012	2011
Surplus:		
Invested in tangible capital assets	\$ 4,815	\$ 7,681
Operating surplus	14,325	13,863
Accumulated surplus	\$ 19,140	\$ 21,544

### 5. Budget data:

The unaudited budget data presented in these financial statements is based upon the 2012 budget approved by the Board on November 23, 2011. Amortization was not contemplated on development of the budget and, as such, has not been included.



Financial Statements of

**WATERDOWN BUSINESS  
IMPROVEMENT AREA**

Year ended December 31, 2012



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## INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the Waterdown Business Improvement Area, which comprise the statement of financial position as at December 31, 2012, the statements of operations, changes in net financial assets and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

### *Management's Responsibility for the Financial Statements*

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

### *Auditors' Responsibility*

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our 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, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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



*Opinion*

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Waterdown Business Improvement Area as at December 31, 2012, and its results of operations and its changes in net financial assets and cash flows for the year then ended in accordance with Canadian public sector accounting standards.

*Other matters*

The financial statements of the Waterdown Business Improvement Area for the year ended December 31, 2011, were audited by another auditor who expressed an unmodified audit opinion on those statements on June 19, 2012.

*KPMG LLP*

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Chartered Accountants, Licensed Public Accountants

September 17, 2013  
Hamilton, Canada

## **WATERDOWN BUSINESS IMPROVEMENT AREA**

### Financial Statements

Year ended December 31, 2012

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## WATERDOWN BUSINESS IMPROVEMENT AREA

### Statement of Financial Position

December 31, 2012, with comparative figures for 2011

	2012	2011
<b>Financial assets</b>		
Cash	\$ 7,355	\$ 32,601
Due from City of Hamilton	-	3,516
Accounts receivable	30,679	17,172
	<u>38,034</u>	<u>53,289</u>
<b>Financial liabilities</b>		
Accounts payable and accrued liabilities	450	490
Net financial assets	37,584	52,799
<b>Non-financial assets</b>		
Tangible capital assets (note 2)	30,054	21,955
Prepaid expenses	2,230	1,949
	<u>32,284</u>	<u>23,904</u>
Accumulated surplus (note 4)	<u>\$ 69,868</u>	<u>\$ 76,703</u>

See accompanying notes to financial statements.

On behalf of the Board:

\_\_\_\_\_ Director

\_\_\_\_\_ Director

## WATERDOWN BUSINESS IMPROVEMENT AREA

### Statement of Operations

Year ended December 31, 2012, with comparative figures for 2011

	Budget (Unaudited – note 5)	2012	2011
<b>Revenue:</b>			
Assessment levy	\$ 102,668	\$ 101,966	\$ 102,000
City of Hamilton grants	-	3,550	2,747
Other income	-	8,368	1,165
Parking revenue sharing program	-	4,299	3,549
<b>Total revenue</b>	<b>102,668</b>	<b>118,183</b>	<b>109,461</b>
<b>Expenses:</b>			
Advertising and promotion	14,500	10,824	9,244
Amortization	-	2,985	1,728
Bad debts	-	142	34
Christmas tree of hope	2,000	5,747	4,014
Commercial improvement	-	-	2,747
Festival and parades	18,500	25,869	4,453
Insurance	2,700	2,395	2,624
Management contracts and salaries	16,800	12,000	11,270
Memberships, conferences, and seminars	815	981	1,875
Office and general expenses	7,403	7,746	8,149
Professional fees	1,250	1,130	1,210
Streetscaping and decorations	38,700	55,199	26,853
<b>Total expenses</b>	<b>102,668</b>	<b>125,018</b>	<b>74,201</b>
Annual (deficit) surplus	-	(6,835)	35,260
Accumulated surplus, beginning of year	-	76,703	41,443
<b>Accumulated surplus, end of year</b>	<b>\$ -</b>	<b>\$ 69,868</b>	<b>\$ 76,703</b>

See accompanying notes to financial statements.

## WATERDOWN BUSINESS IMPROVEMENT AREA

### Statement of Changes in Net Financial Assets

Year ended December 31, 2012, with comparative figures for 2011

	2012	2011
Annual surplus (deficit)	\$ (6,835)	\$ 35,260
Acquisition of tangible capital assets	(11,084)	(14,050)
Amortization of tangible capital assets	2,985	1,728
(Increase) decrease in prepaid expenses	(281)	6,025
Change in net financial assets	(15,215)	28,963
Net financial assets, beginning of year	52,799	23,836
Net financial assets, end of year	\$ 37,584	\$ 52,799

See accompanying notes to financial statements.

## WATERDOWN BUSINESS IMPROVEMENT AREA

### Statement of Cash Flows

Year ended December 31, 2012, with comparative figures for 2011

	2012	2011
Cash provided by (used in):		
Operating activities:		
Annual surplus	\$ (6,835)	\$ 35,260
Items not involving cash:		
Amortization	2,985	1,728
Changes in non-cash assets and liabilities:		
Accounts receivable	(13,507)	(4,732)
Prepaid expenses	(281)	6,025
Accounts payable and accrued liabilities	(40)	(7,636)
Net change in cash from operating activities	(17,678)	30,645
Capital activities		
Cash used to acquire tangible capital assets	(11,084)	(14,050)
Financing activities:		
Change in due from City of Hamilton	3,516	(1,787)
Net (decrease) increase in cash	(25,246)	14,808
Cash, beginning of year	32,601	17,793
Cash, end of year	\$ 7,355	\$ 32,601

See accompanying notes to financial statements.



## **WATERDOWN BUSINESS IMPROVEMENT AREA**

### Notes to Financial Statements

Year ended December 31, 2012

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

#### **1. Significant accounting policies:**

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

(a) Basis of accounting:

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

(b) Cash and cash equivalents:

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

(c) Deferred revenue:

Deferred revenues represent the tax levy bylaw revenue which has been collected, but for which the related services have yet to be performed. These amounts will be recognized as revenues in the fiscal year the services are performed.

## WATERDOWN BUSINESS IMPROVEMENT AREA

Notes to Financial Statements (continued)

Year ended December 31, 2012

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### 1. Significant accounting policies (continued):

(d) Non-financial assets:

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

(i) Tangible capital assets:

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

Asset	Useful life - years
Furniture and equipment	10

(e) Use of estimates:

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

## WATERDOWN BUSINESS IMPROVEMENT AREA

Notes to Financial Statements (continued)

Year ended December 31, 2012

### 2. Tangible capital assets:

Cost	Balance at December 31, 2011	Additions	Disposals	Balance at December 31 2012
Furniture and equipment	\$ 24,306	\$ 11,084	\$ -	\$ 35,390
Accumulated amortization	Balance at December 31, 2011	Disposals	Amortization expense	Balance at December 31 2012
Furniture and equipment	\$ 2,351	\$ -	\$ 2,985	\$ 5,336
			Net book value December 31, 2011	Net book value December 31 2012
Furniture and equipment		\$ 21,955	\$ 30,054	

(a) Contributed tangible capital assets:

The Business Improvement Area received \$nil (2011 - \$nil) in contributed tangible capital assets.

(b) Tangible capital assets disclosed at nominal values:

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

(c) Write-down of tangible capital assets:

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

## WATERDOWN BUSINESS IMPROVEMENT AREA

Notes to Financial Statements (continued)

Year ended December 31, 2012

### 3. Related party transactions:

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

Revenue:

	2012	2011
Member levy collected on behalf of the Business Improvement Area	\$ 101,966	\$102,000

The City of Hamilton has also contributed \$2,645 (2011 - \$2,747) to commercial improvement programs undertaken by the Business Improvement Area, \$4,299 (2011 - \$3,547) from parking sharing revenue program and \$905 (2011 - \$nil) in other grants.

### 4. Accumulated surplus:

Accumulated surplus consists of the following:

	2012	2011
Surplus:		
Invested in tangible capital assets	\$ 30,054	\$ 21,955
Surplus	39,814	54,748
Accumulated surplus	\$ 69,868	\$ 76,703

### 5. Budget data:

The unaudited budget data presented in these financial statements is based upon the 2012 budget approved by the Board on October 18, 2011. Amortization was not contemplated on development of the budget and, as such, has not been included.

Financial Statements of

**WESTDALE BUSINESS  
IMPROVEMENT AREA**

Year ended December 31, 2012



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## INDEPENDENT AUDITORS' REPORT

To the Chairman and Members of 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 the Westdale Business Improvement Area, which comprise the statement of financial position as at December 31, 2012, the statements of operations, changes in net financial assets and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

### *Management's Responsibility for the Financial Statements*

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

### *Auditors' Responsibility*

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our 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, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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



*Opinion*

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Westdale Business Improvement Area as at December 31, 2012, and its results of operations and its changes in net financial assets and cash flows for the year then ended in accordance with Canadian public sector accounting standards.

*Other matters*

The financial statements of Downtown Hamilton Business Improvement Area for the year ended December 31, 2011, were audited by another auditor who expressed an unmodified audit opinion on those statements on January 9, 2013.

*KPMG LLP*

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Chartered Accountants, Licensed Public Accountants

September 18, 2013  
Hamilton, Canada

# WESTDALE BUSINESS IMPROVEMENT AREA

## Financial Statements

Year ended December 31, 2012

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# WESTDALE BUSINESS IMPROVEMENT AREA

## Statement of Financial Position

December 31, 2012, with comparative figures for 2011

	2012	2011
<b>Financial assets</b>		
Cash	\$ 20,971	\$ 103,363
Accounts receivable	22,779	19,299
	<u>43,750</u>	<u>122,662</u>
<b>Financial liabilities</b>		
Accounts payable and accrued liabilities	7,533	2,826
Due to City of Hamilton	1,266	6,137
Deferred revenue	-	61,250
	<u>8,799</u>	<u>70,213</u>
Net financial assets	34,951	52,449
<b>Non-financial assets</b>		
Tangible capital assets (note 2)	38,079	32,673
Prepaid expenses	2,691	988
	<u>40,770</u>	<u>33,661</u>
Accumulated surplus (note 3)	\$ 75,721	\$ 86,110

See accompanying notes to financial statements.

On behalf of the Board:

\_\_\_\_\_ Director

\_\_\_\_\_ Director

## WESTDALE BUSINESS IMPROVEMENT AREA

### Statement of Operations

Year ended December 31, 2012, with comparative figures for 2011

	Budget (Unaudited – note 5)	2012	2011
<b>Revenue:</b>			
Assessment levy	\$ 122,500	\$ 116,362	\$ 122,500
City of Hamilton grants	-	43,374	43,011
Interest	-	289	54
Other	-	653	322
	122,500	160,678	165,887
<b>Expenses:</b>			
Administration	30,000	22,533	28,818
Amortization	-	8,822	5,139
Audit and legal fees	-	2,177	441
Bad debts	-	1,266	6,137
Bank charges	-	122	192
Beautification	12,500	49,843	-
Commercial improvement	-	-	27,771
Festival	25,000	23,184	20,365
Insurance	-	2,743	1,273
Meetings	-	-	-
Miscellaneous	-	635	-
Office and general expense	18,000	16,187	16,013
Rent	-	7,000	7,000
Wages	37,000	36,555	25,577
	122,500	171,067	138,726
Annual surplus (deficit)	-	(10,389)	27,161
Accumulated surplus, beginning of year		86,110	58,949
Accumulated surplus, end of year		\$ 75,721	\$ 86,110

See accompanying notes to financial statements.

## WESTDALE BUSINESS IMPROVEMENT AREA

### Statement of Changes in Net Financial Assets

Year ended December 31, 2012, with comparative figures for 2011

	2012	2011
Annual surplus (deficit)	\$ (10,389)	\$ 27,161
Acquisition of tangible capital assets	(14,228)	(23,900)
Amortization of tangible capital assets	8,822	5,139
(Increase) decrease in prepaid expenses	(1,703)	93
Change in net financial assets	(17,498)	8,493
Net financial assets, beginning of year	52,449	43,956
Net financial assets, end of year	\$ 34,951	\$ 52,449

See accompanying notes to financial statements.

## WESTDALE BUSINESS IMPROVEMENT AREA

### Statement of Cash Flows

Year ended December 31, 2012, with comparative figures for 2011

	2012	2011
Cash provided by (used in):		
Operating activities:		
Annual surplus (deficit)	\$ (10,389)	\$ 27,161
Items not involving cash:		
Amortization	8,822	5,139
Change in non-cash assets and liabilities:		
Accounts receivable	(3,480)	(14,379)
Accounts payable and accrued liabilities	4,707	(4,128)
Prepaid expenses	(1,703)	93
Deferred revenue	(61,250)	61,250
Cash provided by (used in) operating activities	(63,293)	75,136
Capital activities:		
Cash used to acquire tangible capital assets	(14,228)	(23,900)
Financing activities:		
Change in due to City of Hamilton	(4,871)	4,725
Net (decrease) increase in cash	(82,392)	55,961
Cash, beginning of year	103,363	47,402
Cash, end of year	\$ 20,971	\$ 103,363

See accompanying notes to financial statements.

# WESTDALE BUSINESS IMPROVEMENT AREA

Notes to Financial Statements

Year ended December 31, 2012

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

## 1. Significant accounting policies:

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

### (a) Basis of accounting:

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

### (b) Cash and cash equivalents:

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

### (c) Government transfers:

Government transfers received relate to the assessment levy and operating grants. Transfers are recognized in the financial statements as revenues in the period in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amounts can be made.

# WESTDALE BUSINESS IMPROVEMENT AREA

Notes to Financial Statements (continued)

Year ended December 31, 2012

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## 1. Significant accounting policies (continued):

(d) Non-financial assets:

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

(i) Tangible capital assets:

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

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

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(e) Use of estimates:

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

## WESTDALE BUSINESS IMPROVEMENT AREA

Notes to Financial Statements (continued)

Year ended December 31, 2012

### 2. Tangible capital assets:

Cost	Balance at December 31, 2011	Additions	Disposals	Balance at December 31 2012
Furniture and equipment	\$ 7,129	\$ -	\$ -	\$ 7,129
Computer hardware	1,337	-	-	1,337
Decorations	32,744	14,228	-	46,972
<b>Total</b>	<b>\$ 41,210</b>	<b>\$ 14,228</b>	<b>\$ -</b>	<b>\$ 55,438</b>

Accumulated amortization	Balance at December 31, 2011	Disposals	Amortization expense	Balance at December 31 2012
Furniture and equipment	\$ 1,069	\$ -	\$ 713	\$ 1,782
Computer hardware	1,200	-	137	1,337
Decorations	6,268	-	7,972	14,240
<b>Total</b>	<b>\$ 8,537</b>	<b>\$ -</b>	<b>\$ 8,822</b>	<b>\$ 17,359</b>

	Net book value December 31, 2011	Net book value December 31 2012
Furniture and equipment	\$ 6,060	\$ 5,347
Computer hardware	137	-
Decorations	26,476	32,732
<b>Total</b>	<b>\$ 32,673</b>	<b>\$ 38,079</b>

(a) Contributed tangible capital assets:

The Business Improvement Area received \$nil (2011 - \$nil) in contributed tangible capital assets.

(b) Tangible capital assets disclosed at nominal values:

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

(c) Write-down of tangible capital assets:

There were no write-downs of tangible capital assets during the year.

# WESTDALE BUSINESS IMPROVEMENT AREA

Notes to Financial Statements (continued)

Year ended December 31, 2012

### 3. Accumulated surplus:

Accumulated surplus consists of the following:

	2012	2011
Surplus:		
Invested in tangible capital assets	\$ 38,079	\$ 32,673
Operating	37,642	53,437
Accumulated surplus	\$ 75,721	\$ 86,110

### 4. Related party transactions:

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

	2012	2011
Revenue:		
Member levy collected on behalf of the Business Improvement Area	\$ 116,362	\$ 122,500

The City of Hamilton has also contributed \$28,254 (2011 - \$27,771) to commercial improvement programs undertaken by the Business Improvement Area, \$905 (2011 - \$904) in other grants and \$14,215 (2011 - \$14,336) to a parking revenue sharing program.

### 5. Budget data:

The unaudited budget data presented in these financial statements is based upon the 2012 budget approved by the Board. Amortization was not contemplated on development of the budget and, as such, has not been included.