



Hamilton Waterfront Trust

Connecting You to the Water's Edge

SENT BY EMAIL

September 9, 2016

Rose Caterini, City Clerk
71 Main Street West
Hamilton, ON

Attention: Carolyn Biggs, Co-ordinator Committee Services/Council/Budgets

Subject: December 31, 2015 Audited Financial Statements

Please find attached, audited financial statements for the Hamilton Waterfront Trust for the year ended December 31, 2015. This completes the filing requirements of financial statements since the inception of the Hamilton Waterfront Trust.

Annual financial statement is required to be forwarded to your attention by the Hamilton Waterfront Trust. This statement is meant to fulfill the requirement for information under the deed agreement item (12) signed by the Corporation of the City of Hamilton and The Hamilton Harbour Commissioners dated November 24, 2000.

Yours truly,

Werner Plessl
Executive Director
Hamilton Waterfront Trust

Hamilton Waterfront Trust
Financial Statements
For the year ended December 31, 2015

Hamilton Waterfront Trust
Financial Statements
For the year ended December 31, 2015

Contents

Independent Auditor's Report	2
Financial Statements	
Statement of Financial Position	3
Statement of Operations and Changes in Net Assets	4
Statement of Cash Flows	5
Notes to Financial Statements	6 - 9



Tel: 905 639 9500
Fax: 905 633 4939
Toll-Free: 888 236 2383
www.bdo.ca

BDO Canada LLP
3115 Harvester Road, Suite 400
Burlington ON L7N 3N8 Canada

Independent Auditor's Report

To the Board of Directors of Hamilton Waterfront Trust

We have audited the accompanying financial statements of Hamilton Waterfront Trust (the "Organization"), which comprise the statement of financial position as at December 31, 2015, and the statements of operations and changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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 Organization as at December 31, 2015 and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

BDO CANADA LLP

Chartered Professional Accountants, Licensed Public Accountants

Burlington, Ontario
June 14, 2016

Hamilton Waterfront Trust Statement of Financial Position

December 31 2015 2014

Assets

Current

Cash	\$ 14,713	\$ 72,889
Accounts receivable (Note 2)	319,355	252,475
Inventories and prepaid expenses	30,014	33,286
Capital assets held for sale	-	22,000
	<u>364,082</u>	<u>380,650</u>

Capital assets (Note 3) 2,808,286 3,057,158

\$ 3,172,368 \$ 3,437,808

Liabilities and Net Assets

Current

Accounts payable and accrued liabilities	\$ 573,165	\$ 310,586
Current portion of deferred capital contributions (Note 4)	<u>74,456</u>	<u>74,456</u>
	647,621	385,042

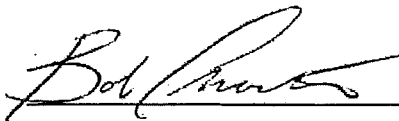
Deferred capital contributions (Note 4) 2,294,697 2,369,153

2,942,318 2,754,195

Net assets 230,050 683,613

\$ 3,172,368 \$ 3,437,808

On behalf of the Board:

 Director

 Director

The accompanying notes are an integral part of these financial statements.

Hamilton Waterfront Trust

Statement of Operations and Changes in Net Assets

For the year ended December 31	2015	2014
Revenue		
Investment income	\$ 25,475	\$ 1,147
HST and GST rebate	70,875	85,306
City of Hamilton contract and management income	81,037	78,384
Other income	44,377	37,862
Hamiltonian Tour Boat	17,644	32,852
Williams Fresh Cafe	1,447,295	1,555,524
Hamilton Scoops	150,896	133,295
Hamilton Trolley	57,393	51,833
Fishing Derby	-	10,230
HHQ management fee	24,898	-
Waterfront Grill	68,598	68,988
HWT Centre	433,735	417,512
Outdoor Ice Rink	272,083	144,909
Skate Rental	76,721	89,393
Waterfront Development, City of Hamilton management contract	536,923	262,137
Waterfront Wheels	11,080	9,370
	<u>3,319,030</u>	<u>2,978,742</u>
Expenses		
Advertising and promotion	1,638	1,404
Bank charges	10,991	12,209
Building expenses	24,170	33,838
Dues and memberships	1,889	1,836
Equipment expenses	4,667	5,298
Insurance	11,399	10,555
Office expenses	9,823	15,448
Professional fees	22,875	21,076
Salaries and benefits	301,402	313,722
Telephone	9,257	9,021
Travel	318	1,902
Other expenses	20,564	10,550
Hamiltonian Tour Boat	27,432	22,694
Williams Fresh Cafe	1,395,898	1,472,522
Hamilton Scoops	112,915	103,575
Hamilton Trolley	68,958	71,480
Fishing Derby	15,881	18,753
Waterfront Grill	64,730	60,691
HWT Centre	344,829	358,098
Outdoor Ice Rink	276,695	150,160
Skate Rental	40,781	54,409
Waterfront Development, City of Hamilton management contract	536,923	254,777
Waterfront Wheels	14,455	8,649
	<u>3,318,490</u>	<u>3,012,667</u>
Excess (deficiency) of revenue over expenses before amortization and discontinued operations	<u>540</u>	<u>(33,925)</u>
Other revenue (expense)		
Amortization of capital assets	(248,872)	(259,808)
Amortization of deferred capital contributions	74,456	68,086
Bad debts associated with tenant dispute	(171,304)	-
Legal fees associated with tenant dispute	(108,383)	-
	<u>(454,103)</u>	<u>(191,722)</u>
Deficiency of revenue over expenses before discontinued operations	<u>(453,563)</u>	<u>(225,647)</u>
Loss from discontinued operations	<u>-</u>	<u>(614,540)</u>
Deficiency of revenue over expenses for the year	<u>(453,563)</u>	<u>(840,187)</u>
Net assets, beginning of year	<u>683,613</u>	<u>1,523,800</u>
Net assets, end of year	<u>\$ 230,050</u>	<u>\$ 683,613</u>

The accompanying notes are an integral part of these financial statements.

Hamilton Waterfront Trust Statement of Cash Flows

For the year ended December 31	2015	2014
Cash flows from operating activities		
Deficiency of revenue over expenses for the year	\$ (453,563)	\$ (840,187)
Adjustments to reconcile deficiency of revenue over expenses to net cash provided by operating activities		
Amortization of capital assets	248,872	259,808
Amortization of deferred capital contributions	(74,456)	(68,086)
Impairment of capital assets	-	626,421
Changes in non-cash working capital balances		
Accounts receivable	(66,880)	56,789
Inventories and prepaid expenses	3,272	7,419
Accounts payable and accrued liabilities	262,579	(14,059)
	<u>(80,176)</u>	<u>28,105</u>
Cash flows from investing activities		
Gain on sale of capital assets	-	(5,125)
Proceeds on deferred capital contributions	-	79,700
Proceeds from sale of capital assets	22,000	13,381
Purchase of capital assets	-	(91,446)
	<u>22,000</u>	<u>(3,490)</u>
Increase (decrease) in cash during the year	(58,176)	24,615
Cash, beginning of year	72,889	48,274
Cash, end of year	\$ 14,713	\$ 72,889

The accompanying notes are an integral part of these financial statements.

Hamilton Waterfront Trust

Notes to Financial Statements

December 31, 2015

1. Significant Accounting Policies

Nature of Business

The purpose of the Hamilton Waterfront Trust (the "Organization") is to improve and develop lands around the Hamilton Harbour and to encourage the local community to enjoy the Bay area. Hamilton is a culturally and ethnically diversified mosaic. Therefore, the Organization helps to promote the image of Hamilton to businesses and individuals over a wide radius.

Basis of Presentation

The financial statements reflect the assets, liabilities, revenue, and expenses of the following business operations:

- Hamiltonian Tour Boat
- Williams Fresh Cafe
- Hamilton Scoops
- Hamilton Trolley
- Fishing Derby
- Waterfront Grill
- Waterfront Wheels
- HWT Centre
- Outdoor Ice Rink
- Skate Rental
- Waterfront Development, City of Hamilton management contract
- Waterfront Wheels

The Organization was incorporated under the Ontario Corporations Act as a not-for-profit organization and is a registered charity under the Federal Income Tax Act.

Basis of Accounting

The financial statements of the Organization have been prepared using Canadian accounting standards for not-for-profit organizations.

Revenue Recognition

The Organization follows the deferral method of accounting for contributions.

Unrestricted revenue is recognized when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Deferred capital contributions related to capital assets represent the unamortized and unallocated amount of grants received for the purchase of capital assets. The amortization of capital contributions is recorded as revenue in the statement of operations.

The Organization recognizes all other revenue when services are performed or goods are sold, there is no uncertainty as to the customer acceptance, the price to the buyer is fixed or determinable and collection is reasonably assured.

Hamilton Waterfront Trust

Notes to Financial Statements

December 31, 2015

1. Significant Accounting Policies (Continued)

Capital Assets

Capital assets are recorded at cost. Amortization is based on their estimated useful life using the following methods and rates or terms:

Boat	-	15 years straight-line
Building	-	5% diminishing balance
Computer equipment	-	30% diminishing balance
Dock	-	5% diminishing balance
Furniture and equipment	-	20% diminishing balance
Trolleys	-	15 years straight-line
Leasehold improvements	-	straight-line over the term of the lease

Use of Estimates

The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amount of revenue and expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future.

Financial Instruments

Financial instruments are recorded at fair value when acquired or issued. Subsequently, financial instruments are reported at cost or amortized cost less impairment, if applicable. Financial assets are tested for impairment when changes in circumstances indicate the asset could be impaired. Transaction costs on the acquisition, sale or issue of financial instruments are charged to the financial instrument for those measured at amortized cost.

2. Accounts Receivable

	2015	2014
Trade accounts receivable	\$ 511,154	\$ 252,475
Impairment allowance	(191,799)	-
	<u>\$ 319,355</u>	<u>\$ 252,475</u>

Hamilton Waterfront Trust Notes to Financial Statements

December 31, 2015

3. Capital Assets

	2015		2014	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Boat	\$ 52,157	\$ 28,133	\$ 52,157	\$ 24,656
Building	17,016	5,937	17,016	5,353
Computer equipment	42,844	38,308	42,844	36,365
Dock	15,522	6,760	15,522	6,299
Furniture and equipment	206,651	130,804	206,651	111,842
Trolleys	276,946	99,483	276,946	81,020
Leasehold improvements	3,610,933	1,104,358	3,610,933	899,376
	\$ 4,222,069	\$ 1,413,783	\$ 4,222,069	\$ 1,164,911
Net book value		\$ 2,808,286		\$ 3,057,158

4. Deferred Capital Contributions

Restricted capital contributions are amortized on the same basis as the underlying capital assets.

	2015	2014
Balance , beginning of year	\$ 2,443,609	\$ 2,431,995
Add: contributions received and receivable	-	79,700
Less: contributions recognized as revenue	(74,456)	(68,086)
	2,369,153	2,443,609
Less: current portion	(74,456)	(74,456)
Balance , end of year	\$ 2,294,697	\$ 2,369,153

5. Commitments

The Organization leases premises at an annual rent of \$33,500 and \$12,500 plus applicable taxes pursuant to leases that expire on October 31, 2019 and April 30, 2054 respectively.

Future minimum payments under operating leases with terms in excess of one year are as follows:

2016	\$ 46,000
2017	46,000
2018	46,000
2019	46,000
2020	12,500
Thereafter	279,167

Hamilton Waterfront Trust Notes to Financial Statements

December 31, 2015

6. Financial Instrument Risks

Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Organization is exposed to credit risk resulting from the possibility that a customer or counterparty to a financial instrument defaults on their financial obligations. The Organization's financial instruments that are exposed to concentrations of credit risk relate primarily to its accounts receivable balances. This risk has not changed from the prior year.

Liquidity Risk

Liquidity risk is the risk that the Organization encounters difficulty in meeting its obligations associated with financial liabilities. Liquidity risk includes the risk that, as a result of operational liquidity requirements, the Organization will not have sufficient funds to settle a transaction on a due date; will be forced to sell financial assets at a value which is less than what they are worth; or may be unable to settle or recover a financial asset. Liquidity risk arises from the Organization's accounts payable and accrued liabilities and commitments. This risk has not changed from the prior year.

7. Comparative Amounts

Certain comparative amounts have been reclassified to conform to the current year's presentation.