

Financial Statements of

ANCASTER BUSINESS IMPROVEMENT AREA

Year ended December 31, 2018



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INDEPENDENT AUDITORS' REPORT

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

Opinion

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

- the statement of financial position as at December 31, 2018,
- the statement of operations for the year then ended,
- the statement of changes in net financial assets for the year then ended,
- the statement of cash flows for the year then ended,
- and notes, including a summary of significant accounting policies and other explanatory information.

(Hereinafter referred to as the "financial statements")

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at December 31, 2018, and its results of operations, its changes in net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "Auditors' Responsibilities for the Audit of the Financial Statements" section of our auditors' report.

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

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



Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

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

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusion is based on the audit evidence obtained up to the date of our auditors report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

Hamilton, Ontario

June 24, 2019

ANCASTER BUSINESS IMPROVEMENT AREA

Financial Statements

Year ended December 31, 2018

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ANCASTER BUSINESS IMPROVEMENT AREA

Statement of Financial Position

December 31, 2018, with comparative information for 2017

	2018	2017
Financial assets		
Cash	\$ 81,429	\$ 133,457
Accounts receivable	-	750
HST receivable	3,484	4,169
Due from City of Hamilton (note 3)	11,763	431
	<u>96,676</u>	<u>138,807</u>
Financial liabilities		
Accounts payable and accrued liabilities	6,273	2,123
Deferred revenue (note 2)	-	46,650
Net financial assets	<u>90,403</u>	<u>90,034</u>
Non-financial assets		
Tangible capital assets (note 4)	3,803	9,271
Prepaid expenses	1,101	1,084
	<u>4,904</u>	<u>10,355</u>
Commitment (note 8)		
Accumulated surplus (note 5)	<u>\$ 95,307</u>	<u>\$ 100,389</u>

See accompanying notes to financial statements.

On behalf of the Board:

_____ Director

_____ Director

ANCASTER BUSINESS IMPROVEMENT AREA

Statement of Operations

Year ended December 31, 2018, with comparative information for 2017

	Budget (note 6)	2018	2017
Revenues:			
Assessment levy (note 3)	\$ 93,300	\$ 93,300	\$ 94,424
City of Hamilton grants (note 3)	-	13,114	12,978
Government of Canada grants (note 7)	-	10,075	15,334
Farmer's Market income	-	32,300	29,173
Other income	-	15	13,070
Total revenues	93,300	148,804	164,979
Expenses:			
Advertising and promotion	24,300	28,652	32,572
Amortization	-	5,468	9,604
Ancaster Farmer's Market	-	29,471	23,550
Bank charges and interest	-	610	313
Beautification	29,000	26,481	23,442
Business taxes	-	806	567
Donations	-	5,000	5,000
Insurance	-	2,043	2,234
Office expenses	-	293	954
Professional fees	-	420	427
Salaries	40,000	54,211	46,840
Miscellaneous	-	431	-
Total expenses	93,300	153,886	145,503
Annual (deficit) surplus	-	(5,082)	19,476
Accumulated surplus, beginning of year	100,389	100,389	80,913
Accumulated surplus, end of year	100,389	\$ 95,307	\$ 100,389

See accompanying notes to financial statements.

ANCASTER BUSINESS IMPROVEMENT AREA

Statement of Changes in Net Financial Assets

Year ended December 31, 2018, with comparative information for 2017

	2018	2017
Annual (deficit) surplus	\$ (5,082)	\$ 19,476
Acquisition of tangible capital assets	-	(7,419)
Amortization of tangible capital assets	5,468	9,604
Increase in prepaid expenses	(17)	(11)
Change in net financial assets	369	21,650
Net financial assets, beginning of year	90,034	68,384
Net financial assets, end of year	\$ 90,403	\$ 90,034

See accompanying notes to financial statements.

ANCASTER BUSINESS IMPROVEMENT AREA

Statement of Cash Flows

Year ended December 31, 2018, with comparative information for 2017

	2018	2017
Cash provided by (used in):		
Operating activities:		
Annual (deficit) surplus	\$ (5,082)	\$ 19,476
Items not involving cash:		
Amortization	5,468	9,604
Changes in non-cash operating working capital:		
Accounts receivable	750	-
Prepaid expenses	(17)	(11)
HST receivable	685	2,944
Deferred Revenue	(46,650)	(1,600)
Accounts payable and accrued liabilities	4,150	(51,978)
Net change in cash from operating activities	(40,696)	(14,165)
Capital activities:		
Cash used to acquire tangible capital assets	-	(7,419)
Financing activities:		
Change in due from City of Hamilton	(11,332)	(3,022)
Decrease in cash	(52,028)	(24,606)
Cash, beginning of year	133,457	158,063
Cash, end of year	\$ 81,429	\$ 133,457

See accompanying notes to financial statements.

ANCASTER BUSINESS IMPROVEMENT AREA

Notes to Financial Statements

Year ended December 31, 2018

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

1. Significant accounting policies:

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

(a) Basis of accounting:

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

(b) Cash and cash equivalents:

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

(c) Government transfers:

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

(d) Other income:

Other income is reported as revenue in the period earned.

ANCASTER BUSINESS IMPROVEMENT AREA

Notes to Financial Statements (continued)

Year ended December 31, 2018

1. Significant accounting policies (continued):

(e) Deferred revenue:

Deferred revenues represent the 2018 Assessment levy which was collected in 2017, but which is for 2018 operations. These amounts has been recognized as revenues in the 2018 fiscal year.

(f) Non-financial assets:

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

(i) Tangible capital assets:

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

Asset	Useful life - years
Decorations	5
Computers	5
Furniture	10

(g) Use of estimates:

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

ANCASTER BUSINESS IMPROVEMENT AREA

Notes to Financial Statements (continued)

Year ended December 31, 2018

2. Deferred revenue:

Deferred revenue consists of the following:

	2018	2017
Balance, beginning of year	\$ 46,650	\$ 48,250
Add: receipts	-	46,650
Less: amounts recognized in revenue	(46,650)	(48,250)
	\$ -	\$ 46,650

3. Related party transactions:

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

	2018	2017
Revenue:		
Member levy collected on behalf of the Business Improvement Area	\$ 93,300	\$ 94,424

The City of Hamilton has also contributed \$5,909 (2017 - \$6,126) to commercial improvement programs undertaken by the Business Improvement Area, \$6,012 (2017 - \$5,303) from parking revenue sharing program, and \$1,193 (2017 - \$1,549) in other miscellaneous grants. An additional grant received of \$3,000 (2017 - \$4,000) for the Farmer's Market has been recorded as part of Farmer's Market income.

At the end of the year, grants and supplemental member levies of \$12,683 (2017 - \$2,674) was receivable from the City of Hamilton. The amount recorded in due to City of Hamilton also includes a payable to the City of Hamilton of \$920 (2017 - \$2,243) for expenses paid by the City of Hamilton on behalf of the Business Improvement Area.

ANCASTER BUSINESS IMPROVEMENT AREA

Notes to Financial Statements (continued)

Year ended December 31, 2018

4. Tangible capital assets:

Cost	Balance at December 31, 2017	Additions	Disposals	Balance at December 31, 2018
Decorations	\$ 38,800	\$ -	\$ 3,860	\$ 34,940
Computers	2,068	-	-	2,068
Furniture	7,945	-	-	7,945
Total	\$ 48,813	\$ -	\$ 3,860	\$ 44,953

Accumulated amortization	Balance at December 31, 2017	Disposals	Amortization expense	Balance at December 31, 2018
Decorations	\$ 34,244	\$ 3,860	\$ 4,556	\$ 34,940
Computers	1,777	-	118	1,895
Furniture	3,521	-	794	4,315
Total	\$ 39,542	\$ 3,860	\$ 5,468	\$ 41,150

Net book value	December 31, 2017	December 31, 2018
Decorations	\$ 4,556	\$ -
Computers	291	173
Furniture	4,424	3,630
Total	\$ 9,271	\$ 3,803

(a) Contributed tangible capital assets:

The Business Improvement Area received \$nil (2017 - \$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 recorded the write-down of decorations during the year.

ANCASTER BUSINESS IMPROVEMENT AREA

Notes to Financial Statements (continued)

Year ended December 31, 2018

5. Accumulated surplus:

Accumulated surplus consists of the following:

	2018	2017
Surplus:		
Invested in tangible capital assets	\$ 3,803	\$ 9,271
Operating	91,504	91,118
	\$ 95,307	\$ 100,389

6. Budget data:

The budget data presented in these financial statements is based upon the 2018 budget approved by the Board. Amortization and acquisitions of tangible capital assets were not contemplated on development of the budget and, as such, has not been included. For this reason, budget figures were not provided on the statement of changes in net financial assets.

7. Government of Canada grants:

Included in Government of Canada grants are \$nil (2017 - \$7,500) for the Business Improvement Area's Canada 150 celebrations as well as \$10,075 (2017 - \$7,834) provided under the Canada summer student jobs grant.

8. Lease commitment:

The Business Improvement Area is committed to future minimum annual lease payments under an operating lease for its Farmer's Market as follows:

2019	\$ 5,750
2020	6,000
	\$ 11,750

9. Comparative information:

Certain comparative information has been reclassified to conform with the financial statement presentation adopted in the current year.

Financial Statements of

**BARTON VILLAGE
BUSINESS IMPROVEMENT
AREA**

Year ended December 31, 2018



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INDEPENDENT AUDITORS' REPORT

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

Opinion

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

- the statement of financial position as at December 31, 2018,
- the statement of operations for the year then ended,
- the statement of changes in net financial assets for the year then ended,
- the statement of cash flows for the year then ended,
- and notes, including a summary of significant accounting policies and other explanatory information.

(Hereinafter referred to as the "financial statements")

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at December 31, 2018, and its results of operations, its changes in net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "Auditors' Responsibilities for the Audit of the Financial Statements" section of our auditors' report.

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

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



Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

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

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.



- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusion is based on the audit evidence obtained up to the date of our auditors report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
-

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

Hamilton, Canada

June 27, 2019

BARTON VILLAGE BUSINESS IMPROVEMENT AREA

Financial Statements

Year ended December 31, 2018

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BARTON VILLAGE BUSINESS IMPROVEMENT AREA

Statement of Financial Position

December 31, 2018, with comparative information for 2017

	2018	2017
Financial assets		
Cash	\$ 43,464	\$ 69,100
HST receivable	7,918	3,133
Due from City of Hamilton (note 3)	8,725	4,332
	<u>60,107</u>	<u>76,565</u>
Financial liabilities		
Accounts payable and accrued liabilities	6,490	118
Deferred Revenue (note 4)	-	32,150
	<u>6,490</u>	<u>32,268</u>
Net financial assets	53,617	44,297
Non-financial assets		
Tangible capital assets (note 2)	19,283	17,948
Prepaid expenses	216	216
	<u>19,499</u>	<u>18,164</u>
Accumulated surplus (note 5)	\$ 73,116	\$ 62,461

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, 2018, with comparative information for 2017

	Budget (note 6)	2018	2017
Revenue:			
Assessment levy (note 3)	\$ 61,300	\$ 55,885	\$ 60,864
City of Hamilton grants (note 3)	-	18,746	19,968
Festival income	-	20,959	16,615
Federal grant – Canada 150	-	-	18,000
Federal grant – Canada summer jobs	-	17,121	3,654
Provincial grant – Canada 150	-	-	2,000
Total revenue	61,300	112,711	121,101
Expenses:			
Advertising and promotion	4,000	1,694	1,928
Amortization	-	5,415	5,525
Bank charges	120	520	165
Commercial improvement	18,000	8,229	16,643
Event equipment and supplies	-	601	302
Insurance	2,500	3,011	3,361
Meetings and business development	2,550	2,057	1,925
Office expenses	7,330	8,249	7,873
Professional fees	500	2,420	1,120
Rent	7,100	7,578	6,195
Salaries – administrative	19,200	39,637	37,539
Festival expenses	-	22,645	23,160
Total expenses	61,300	102,056	105,736
Annual surplus (deficit)	-	10,655	15,365
Accumulated surplus, beginning of year	62,461	62,461	47,096
Accumulated surplus, end of year	\$ 62,461	\$ 73,116	\$ 62,461

See accompanying notes to financial statements.

BARTON VILLAGE BUSINESS IMPROVEMENT AREA

Statement of Changes in Net Financial Assets

Year ended December 31, 2018, with comparative information for 2017

	2018	2017
Annual surplus	\$ 10,655	\$ 15,365
Acquisition of tangible capital assets	(6,750)	(3,192)
Amortization of tangible capital assets	5,415	5,525
Prepaid expenses	-	715
Change in net financial assets	9,320	18,413
Net financial assets, beginning of year	44,297	25,884
Net financial assets, end of year	\$ 53,617	\$ 44,297

See accompanying notes to financial statements.

BARTON VILLAGE BUSINESS IMPROVEMENT AREA

Statement of Cash Flows

Year ended December 31, 2018, with comparative information for 2017

	2018	2017
Cash provided by (used in):		
Operating activities:		
Annual surplus	\$ 10,655	\$ 15,365
Items not involving cash:		
Amortization	5,415	5,525
Changes in non-cash assets and liabilities:		
Accounts payable and accrued liabilities	6,372	(2,079)
HST receivable	(4,785)	17,259
Deferred revenue	(32,150)	-
Prepaid expenses	-	715
Net change in cash from operating activities	(14,493)	36,785
Capital activities:		
Cash used to acquire tangible capital assets	(6,750)	(3,192)
Financing activities:		
Change in due from City of Hamilton	(4,393)	(20,124)
Net (decrease) increase in cash	(25,636)	13,469
Cash, beginning of year	69,100	55,631
Cash, end of year	\$ 43,464	\$ 69,100

See accompanying notes to financial statements.

BARTON VILLAGE BUSINESS IMPROVEMENT AREA

Notes to Financial Statements

Year ended December 31, 2018

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

1. Significant accounting policies:

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

(a) Basis of accounting:

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

(b) Government transfers:

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

(c) Other income:

Other income is reported as revenue in the period earned.

BARTON VILLAGE BUSINESS IMPROVEMENT AREA

Notes to Financial Statements (continued)

Year ended December 31, 2018

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, 2018

2. Tangible capital assets:

Cost	Balance at December 31, 2017	Additions	Disposals	Balance at December 31, 2018
Computer hardware	\$ 1,908	\$ 2,248	\$ -	\$ 4,156
Decorations	35,227	4,502	-	39,729
Furniture and equipment	15,886	-	-	15,886
-				
Total	\$ 53,021	\$ 6,750	\$ -	\$ 59,771

Accumulated amortization	Balance at December 31, 2017	Disposals	Amortization expense	Balance at December 31, 2018
Computer hardware	\$ 1,601	\$ -	\$ 527	\$ 2,128
Decorations	26,751	-	3,280	30,031
Furniture and equipment	6,721	-	1,608	8,329
Total	\$ 35,073	\$ -	\$ 5,415	\$ 40,488

	Net book value December 31, 2017	Net book value December 31, 2018
Computer hardware	\$ 307	\$ 2,028
Decorations	8,476	9,698
Furniture and equipment	9,165	7,557
Total	\$ 17,948	\$ 19,283

(a) Contributed tangible capital assets:

The Business Improvement Area received no contributed tangible capital assets in 2018 or 2017.

(b) Tangible capital assets disclosed at nominal values:

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

(c) Write-down of tangible capital assets:

The Business Improvement Area has not recorded write-downs of tangible capital assets during the year or 2017.

BARTON VILLAGE BUSINESS IMPROVEMENT AREA

Notes to Financial Statements (continued)

Year ended December 31, 2018

3. Related party transactions:

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

Revenue:

	2018	2017
Member levy collected on behalf of the Business Improvement Area	\$ 55,885	\$ 60,864

The City of Hamilton has also contributed \$6,370 (2017 - \$6,887) to commercial improvement programs undertaken by the Business Improvement Area, \$11,184 (2017 - \$10,131) from parking sharing revenue program and \$1,192 (2017 - \$6,250) in other grants, of which \$nil (2017 - \$3,300) is recorded in festival income.

At the end of the year, the Business Improvement Area had a receivable from the City of Hamilton of \$8,725 (2017 - (\$4,332)) which includes \$18,746 in outstanding grants net of \$8,453 member levy deficit, annual audit accrual of \$420 and other miscellaneous expenses of \$1,148.

4. Deferred revenue:

Deferred revenue is comprised of the 2018 assessment levy received in advance in 2017. The Business Improvement Area has used the funds for 2018 operations of the Business Improvement Area and recognized the full 2017 balance as revenue in 2018.

5. Accumulated surplus:

Accumulated surplus consists of the following:

	2018	2017
Surplus:		
Invested in tangible capital assets	\$ 19,283	\$ 17,948
Operating	53,833	44,513
Accumulated surplus	\$ 73,116	\$ 62,461

BARTON VILLAGE BUSINESS IMPROVEMENT AREA

Notes to Financial Statements (continued)

Year ended December 31, 2018

6. Budget data:

The budget data presented in these financial statements is based upon the 2018 budget approved by the Board on September 26, 2017. Amortization and acquisitions of tangible capital assets were not contemplated on development of the budget and, as such, were not provided on the statement of changes in net financial assets.

7. Comparative information:

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

Financial Statements of

**CONCESSION STREET
BUSINESS IMPROVEMENT AREA**

Year ended December 31, 2018



KPMG LLP
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INDEPENDENT AUDITORS' REPORT

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

Opinion

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

- the statement of financial position as at December 31, 2018,
- the statement of operations for the year then ended,
- the statement of changes in net financial assets for the year then ended,
- the statement of cash flows for the year then ended,
- and notes, including a summary of significant accounting policies and other explanatory information.

(Hereinafter referred to as the "financial statements")

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at December 31, 2018, and its results of operations, its changes in net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "Auditors' Responsibilities for the Audit of the Financial Statements" section of our auditors' report.

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

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



Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

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

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusion is based on the audit evidence obtained up to the date of our auditors report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

Hamilton, Ontario
September 26, 2019

CONCESSION STREET BUSINESS IMPROVEMENT AREA

Financial Statements

Year ended December 31, 2018

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CONCESSION STREET BUSINESS IMPROVEMENT AREA

Statement of Financial Position

December 31, 2018, with comparative information for 2017

	2018	2017
Financial assets		
Cash	\$ 84,690	\$ 122,441
Due from City of Hamilton (note 5)	4,868	-
HST receivable	6,767	4,763
	<u>96,325</u>	<u>127,204</u>
Financial liabilities		
Accounts payable and accrued liabilities	3,382	1,783
Due to City of Hamilton (note 5)	-	193
Deferred revenue (note 3)	-	57,750
	<u>3,382</u>	<u>59,726</u>
Net financial assets	92,943	67,478
Non-financial assets		
Tangible capital assets (note 2)	12,101	19,500
Prepaid expenses	1,030	860
	<u>13,131</u>	<u>20,360</u>
Commitment (note 7)		
Accumulated surplus (note 4)	<u>\$ 106,074</u>	<u>\$ 87,838</u>

See accompanying notes to financial statements.

On behalf of the Board:

_____ Director

_____ Director

CONCESSION STREET BUSINESS IMPROVEMENT AREA

Statement of Operations

Year ended December 31, 2018, with comparative information for 2017

	Budget (note 6)	2018	2017
Revenue:			
Assessment levy (note 5)	\$ 115,499	\$ 110,612	\$ 114,426
City of Hamilton grants (note 5)	-	34,569	18,738
Provincial grant – Canada 150	-	750	6,750
Federal grant – Canada 150	-	-	2,000
Other income	-	29,972	18,231
Total revenue	115,499	175,903	160,145
Expenses:			
Advertising and promotion	15,000	9,625	13,425
Amortization	-	12,228	10,047
Contract services	-	5,120	-
Festivals	18,500	50,910	44,717
General beautification and improvements	21,700	20,500	13,923
Insurance	4,900	4,695	5,144
Interest and bank charges	-	160	114
Meals and entertainment	-	207	135
Miscellaneous	-	270	774
Office and general	3,200	2,796	2,482
Professional fees	1,700	1,577	1,551
Rent	7,237	6,804	6,250
Repairs and maintenance	-	161	195
Salaries and wages	41,962	41,528	38,859
Utilities	1,300	1,086	859
Total expenses	115,499	157,667	138,475
Annual surplus	-	18,236	21,670
Accumulated surplus, beginning of year	87,838	87,838	66,168
Accumulated surplus, end of year	\$ 87,838	\$ 106,074	\$ 87,838

See accompanying notes to financial statements.

CONCESSION STREET BUSINESS IMPROVEMENT AREA

Statement of Changes in Net Financial Assets

Year ended December 31, 2018, with comparative information for 2017

	2018	2017
Annual surplus	\$ 18,236	\$ 21,670
Acquisition of tangible capital assets	(4,829)	(16,986)
Amortization of tangible capital assets	12,228	10,047
(Increase) decrease in prepaid expenses	(170)	384
Change in net financial assets	25,465	15,115
Net financial assets, beginning of year	67,478	52,363
Net financial assets, end of year	\$ 92,943	\$ 67,478

See accompanying notes to financial statements.

CONCESSION STREET BUSINESS IMPROVEMENT AREA

Statement of Cash Flows

Year ended December 31, 2018, with comparative information for 2017

	2018	2017
Cash provided by (used in):		
Operating activities:		
Annual surplus	\$ 18,236	\$ 21,670
Items not involving cash:		
Amortization	12,228	10,047
Changes in non-cash assets and liabilities:		
HST receivable	(2,004)	475
Accounts payable and accrued liabilities	1,599	(1,346)
Deferred revenue	(57,750)	57,090
Prepaid expenses	(170)	384
Net change in cash from operating activities	(27,861)	88,320
Capital activities:		
Cash used to acquire tangible capital assets	(4,829)	(16,986)
Financing activities:		
Change in due from City of Hamilton	(5,061)	9,494
Net (decrease) increase in cash	(37,751)	80,828
Cash, beginning of year	122,441	41,613
Cash, end of year	\$ 84,690	\$ 122,441

See accompanying notes to financial statements.

CONCESSION STREET BUSINESS IMPROVEMENT AREA

Notes to Financial Statements

Year ended December 31, 2018

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

1. Significant accounting policies:

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

(a) Basis of accounting:

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

(b) Cash and cash equivalents:

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

(c) Deferred revenue:

Deferred revenue represent the 2018 assessment levy which has been collected, but relates to next years' operations. These amounts will be recognized as revenues in the fiscal year for which they relate.

(d) Government transfers:

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

CONCESSION STREET BUSINESS IMPROVEMENT AREA

Notes to Financial Statements (continued)

Year ended December 31, 2018

1. Significant accounting policies (continued):

(e) Other income:

Other income is reported as revenue in the period earned.

(f) Non-financial assets:

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

(i) Tangible capital assets:

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

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

(g) Use of estimates:

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

CONCESSION STREET BUSINESS IMPROVEMENT AREA

Notes to Financial Statements (continued)

Year ended December 31, 2018

2. Tangible capital assets:

Cost	Balance at December 31, 2017	Additions	Disposals	Balance at December 31, 2018
Computer hardware	\$ 1,470	\$ -	\$ -	\$ 1,470
Decorations	52,790	4,829	-	57,619
Furniture and equipment	8,930	-	-	8,930
Total	\$ 63,190	\$ 4,829	\$ -	\$ 68,019

Accumulated amortization	Balance at December 31, 2017	Disposals	Amortization expense	Balance at December 31, 2018
Computer hardware	\$ 787	\$ 294	\$ -	\$ 1,081
Decorations	36,995	11,041	-	48,036
Furniture and equipment	5,908	893	-	6,801
Total	\$ 43,690	\$ 12,228	\$ -	\$ 55,918

Net book value	December 31, 2017	December 31, 2018
Computer hardware	\$ 683	\$ 389
Decorations	15,795	9,583
Furniture and equipment	3,022	2,129
Total	\$ 19,500	\$ 12,101

CONCESSION STREET BUSINESS IMPROVEMENT AREA

Notes to Financial Statements (continued)

Year ended December 31, 2018

2. Tangible capital assets (continued):

(a) Contributed tangible capital assets:

The Business Improvement Area received no contributed tangible capital assets in 2018 or 2017.

(b) Tangible capital assets disclosed at nominal values:

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

(c) Write-down of tangible capital assets:

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

3. Deferred revenue:

Deferred revenue consists of the following:

	2018	2017
Balance, beginning of year	\$ 57,750	\$ 660
Add: receipts	-	57,750
Less: amounts recognized in revenue	57,750	(660)
Deferred Revenue	\$ -	\$ 57,750

4. Accumulated surplus:

Accumulated surplus consists of the following:

	2018	2017
Surplus:		
Invested in tangible capital assets	\$ 12,101	\$ 19,500
Operating	93,973	68,338
Accumulated surplus	\$ 106,074	\$ 87,838

CONCESSION STREET BUSINESS IMPROVEMENT AREA

Notes to Financial Statements (continued)

Year ended December 31, 2018

5. Related party transactions:

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

Revenue:

	2018	2017
Member levy collected on behalf of the Business Improvement Area	\$ 110,612	\$114,426

The City of Hamilton has also contributed \$8,172 (2017 - \$8,221) to commercial improvement programs undertaken by the Business Improvement Area, \$13,726 (2017 - \$ nil) from parking revenue sharing program and \$12,671 (2017 - \$10,517) in other grants. At the end of the year, the Business Improvement Area had a receivable of \$4,868 (2017 – payable of \$193) from the City of Hamilton related to the member levy surplus, operating expenses net of outstanding grants.

6. Budget data:

The budget data presented in these financial statements is based upon the 2018 budget approved by the Board. Amortization and acquisitions of tangible capital assets were not contemplated on development of the budget and, as such, were not provided on the statement of changes in net financial assets. The total approved budget for the Business Improvement Area was \$180,189, of which \$64,690 was budgeted reserve transfers and therefore not presented on the statement of operations. Budgeted expenditures for items determined to be capital in nature were excluded from presentation in the statement of operations.

7. Lease commitment:

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

2019	\$	6,560
2020		2,204
	\$	8,764

Financial Statements of

**DOWNTOWN HAMILTON
BUSINESS IMPROVEMENT AREA**

Year ended December 31, 2018



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INDEPENDENT AUDITORS' REPORT

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

Opinion

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

- the statement of financial position as at December 31, 2018,
- the statement of operations for the year then ended,
- the statement of changes in net financial assets for the year then ended,
- the statement of cash flows for the year then ended,
- and notes, including a summary of significant accounting policies and other explanatory information.

(Hereinafter referred to as the "financial statements")

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at December 31, 2018, and its results of operations, its changes in net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "Auditors' Responsibilities for the Audit of the Financial Statements" section of our auditors' report.

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

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



Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

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

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.



- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusion is based on the audit evidence obtained up to the date of our auditors report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants
Hamilton, Canada
June 11, 2019

DOWNTOWN HAMILTON BUSINESS IMPROVEMENT AREA

Financial Statements

Year ended December 31, 2018

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DOWNTOWN HAMILTON BUSINESS IMPROVEMENT AREA

Statement of Financial Position

December 31, 2018, with comparative information for 2017

	2018	2017
Financial assets		
Cash	\$ 117,668	\$ 120,716
HST receivable	25,575	20,932
Accounts receivable	7,063	4,380
	<u>150,306</u>	<u>146,028</u>
Financial liabilities		
Accounts payable and accrued liabilities	26,944	16,296
Due to City of Hamilton (note 5)	14,342	29,223
	<u>41,286</u>	<u>45,519</u>
Net financial assets	109,020	100,509
Non-financial assets		
Tangible capital assets (note 2)	49,885	58,303
Prepaid expenses	7,342	6,711
	<u>57,227</u>	<u>65,014</u>
Accumulated surplus (note 3)	<u>\$ 166,247</u>	<u>\$ 165,523</u>

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, 2018, with comparative information for 2017

	Budget (note 7)	2018	2017
Revenue:			
Assessment levy (note 5)	\$ 375,000	\$ 357,866	\$ 320,377
City of Hamilton grants (note 5)	-	50,996	70,676
Federal grant	-	13,625	9,615
Provincial grants (note 6)	-	-	27,000
Interest	-	46	20
Other	50,000	16,030	14,923
	<u>425,000</u>	<u>438,563</u>	<u>442,611</u>
Expenses:			
Administration	8,500	6,368	5,967
Amortization	12,000	28,119	23,707
Bad debt expense	-	4,930	1,190
Beautification	45,500	27,797	22,056
Office	52,500	62,868	56,810
Professional fees	3,000	4,050	4,292
Promotions	145,500	150,443	124,107
Salaries	130,000	153,131	142,784
Miscellaneous	28,000	133	-
	<u>425,000</u>	<u>437,839</u>	<u>380,913</u>
Annual surplus	-	724	61,698
Accumulated surplus, beginning of year	165,523	165,523	103,825
Accumulated surplus, end of year	\$ 165,523	\$ 166,247	\$ 165,523

See accompanying notes to financial statements.

DOWNTOWN HAMILTON BUSINESS IMPROVEMENT AREA

Statement of Changes in Net Financial Assets

Year ended December 31, 2018, with comparative information for 2017

	Budget (note 7)	2018	2017
Annual surplus	\$ -	\$ 724	\$ 61,698
Acquisition of tangible capital assets	-	(19,701)	(26,603)
Amortization of tangible capital assets	12,000	28,119	23,707
Increase in prepaid expenses	-	(631)	(2,935)
Change in net financial assets	12,000	8,511	55,867
Net financial assets, beginning of year	100,509	100,509	44,642
Net financial assets, end of year	\$ 112,509	\$ 109,020	\$ 100,509

See accompanying notes to financial statements.

DOWNTOWN HAMILTON BUSINESS IMPROVEMENT AREA

Statement of Cash Flows

Year ended December 31, 2018, with comparative information for 2017

	2018	2017
Cash provided by (used in):		
Operating activities:		
Annual surplus	\$ 724	\$ 61,698
Items not involving cash:		
Amortization	28,119	23,707
Changes in non-cash financial assets and liabilities:		
HST receivable	(4,643)	(2,957)
Accounts receivable	(2,683)	(242)
Prepaid expenses	(631)	(2,935)
Accounts payable and accrued liabilities	10,648	(2,106)
Net change in cash from operating activities	31,534	77,165
Capital activities:		
Cash used to acquire tangible capital assets	(19,701)	(26,603)
Financing activities:		
Change in due to City of Hamilton	(14,881)	720
Net (decrease) increase in cash	(3,048)	51,282
Cash, beginning of year	120,716	69,434
Cash, end of year	\$ 117,668	\$ 120,716

See accompanying notes to financial statements.

DOWNTOWN HAMILTON BUSINESS IMPROVEMENT AREA

Notes to Financial Statements

Year ended December 31, 2018

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

1. Significant accounting policies:

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

(a) Basis of accounting:

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

(b) Government transfers:

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

(c) Other income:

Other income is reported as revenue in the period earned.

DOWNTOWN HAMILTON BUSINESS IMPROVEMENT AREA

Notes to Financial Statements (continued)

Year ended December 31, 2018

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
Computer software	3
Decorations	3
Furniture and equipment	10

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

(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.

DOWNTOWN HAMILTON BUSINESS IMPROVEMENT AREA

Notes to Financial Statements (continued)

Year ended December 31, 2018

2. Tangible capital assets:

Cost	Balance at December 31, 2017	Additions	Disposals	Balance at December 31, 2018
Computer hardware	\$ 4,418	\$ 1,611	\$ -	\$ 6,029
Computer software	206	-	-	206
Decorations	154,439	18,090	103,091	69,438
Furniture and equipment	76,716	-	-	76,716
Total	\$ 235,779	\$ 19,701	\$ 103,091	\$ 152,389

Accumulated amortization	Balance at December 31, 2017	Disposals	Amortization expense	Balance at December 31, 2018
Computer hardware	\$ 3,308	\$ -	\$ 546	\$ 3,854
Computer software	206	-	-	206
Decorations	125,155	103,091	20,131	42,195
Furniture and equipment	48,807	-	7,442	56,249
Total	\$ 177,476	\$ 103,091	\$ 28,119	\$ 102,504

	Net book value December 31, 2017	Net book value December 31, 2018
Computer hardware	\$ 1,110	\$ 2,175
Computer software	-	-
Decorations	29,284	27,243
Furniture and equipment	27,909	20,467
Total	\$ 58,303	\$ 49,885

(a) Contributed tangible capital assets:

The Business Improvement Area received no contributed tangible capital assets in 2018 or 2017.

(b) Tangible capital assets disclosed at nominal values:

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

DOWNTOWN HAMILTON BUSINESS IMPROVEMENT AREA

Notes to Financial Statements (continued)

Year ended December 31, 2018

2. Tangible capital assets (continued):

(c) Write-down of tangible capital assets:

The Business Improvement Area has not written down any tangible capital assets during the year or 2017.

3. Accumulated surplus:

Accumulated surplus consists of the following:

	2018	2017
Surplus:		
Invested in tangible capital assets	\$ 49,885	\$ 58,303
Operating	116,362	107,220
	\$ 166,247	\$ 165,523

4. Commitments:

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

2019	\$ 17,174
2020	18,069
2021	18,965
2022	16,427

DOWNTOWN HAMILTON BUSINESS IMPROVEMENT AREA

Notes to Financial Statements (continued)

Year ended December 31, 2018

5. Related party transactions:

(a) City of Hamilton:

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

	2018	2017
Revenue:		
Member levy collected on behalf of the Business Improvement Area	\$ 357,866	\$ 320,377

The City of Hamilton also contributed \$5,702 (2017 - \$5,611) to commercial improvement programs undertaken by the Business Improvement Area, \$13,849 (2017 - \$12,244) from parking revenue sharing program, and \$31,445 (2017 - \$52,821) in other grants. At the end of the year, the Business Improvement Area had a payable of \$16,842 (2017- \$29,623) for the cash received in excess of the member levy collected by the City of Hamilton and \$2,092 (2017- \$900) accrued for expenses net of \$1,192 (2017 - \$1,300) receivable for the annual Christmas grant and \$3,400 (2017 – \$nil) of other grants.

(b) Board of Directors:

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

	2018	2017
Purchase of tangible capital assets	\$ 3,002	\$ -
Expenses:		
Promotions	\$ 8,883	\$ 7,077

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

6. Provincial grants:

In 2017, the Business Improvement Area received \$nil (2017 - \$25,000) for the Canada Coast to Coast event under the Ministry of Tourism, Sport and Culture as well as \$nil (2017 - \$2,000) for the Canada 150 celebrations.

DOWNTOWN HAMILTON BUSINESS IMPROVEMENT AREA

Notes to Financial Statements (continued)

Year ended December 31, 2018

7. Budget data:

The budget data presented in these financial statements is based upon the 2018 budget approved by the Board on November 7, 2017.

Financial Statements of

**DUNDAS BUSINESS
IMPROVEMENT AREA**

Year ended December 31, 2018



INDEPENDENT AUDITORS' REPORT

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

Opinion

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

- the statement of financial position as at December 31, 2018,
- the statement of operations for the year then ended,
- the statement of changes in net financial assets for the year then ended,
- the statement of cash flows for the year then ended,
- and notes, including a summary of significant accounting policies and other explanatory information.

(Hereinafter referred to as the "financial statements")

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at December 31, 2018, and its results of operations, its changes in net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "Auditors' Responsibilities for the Audit of the Financial Statements" section of our auditors' report.

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

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



Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

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

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.



- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusion is based on the audit evidence obtained up to the date of our auditors report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

Hamilton, Canada
September 17, 2019

DUNDAS BUSINESS IMPROVEMENT AREA

Financial Statements

Year ended December 31, 2018

Financial Statements

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DUNDAS BUSINESS IMPROVEMENT AREA

Statement of Financial Position

December 31, 2018, with comparative information for 2017

	2018	2017
Financial assets		
Cash	\$ 58,448	\$ 1,734
Accounts receivable	2,970	-
HST receivable	22,654	78,872
	<u>84,072</u>	<u>80,606</u>
Financial liabilities		
Accounts payable and accrued liabilities	271	2,249
Due to City of Hamilton (note 5)	8,501	2,957
	<u>8,772</u>	<u>5,206</u>
Net financial assets	75,300	75,400
Non-financial assets		
Tangible capital assets (note 2)	124	372
Prepaid expenses	1,180	1,180
	<u>1,304</u>	<u>1,552</u>
Accumulated surplus (note 3)	\$ 76,604	\$ 76,952

See accompanying notes to financial statements.

On behalf of the Board:

_____ Director

_____ Director

DUNDAS BUSINESS IMPROVEMENT AREA

Statement of Operations

Year ended December 31, 2018, with comparative information for 2017

	Budget (note 6)	2018	2017
Revenue:			
Assessment levy (note 5)	\$ 148,071	\$ 140,178	\$ 119,787
City of Hamilton grants (note 5)	35,000	40,466	34,469
Buskerfest revenue (note 5)	-	70,114	63,893
Buskerfest sponsorship – in kind (note 4)	-	60,752	58,722
Interest	300	57	385
Donations	-	-	2,000
Federal grant (note 7)	-	-	4,383
Provincial grant (note 7)	-	9,895	16,043
Other income	-	2,300	1,300
Total revenue	183,371	323,762	300,982
Expenses:			
Advertising and promotion	13,371	51,388	38,676
Amortization	-	248	6,900
Bad debts	2,000	4,523	-
Beautification	24,000	25,015	22,414
Buskerfest expenses	25,000	94,825	92,903
Buskerfest other – in kind (note 4)	-	60,752	58,722
Contract services	35,000	35,672	33,008
Economic development	3,000	4,100	6,257
Insurance	3,700	3,557	3,567
Member services	2,100	565	824
Office and general	7,100	4,267	3,986
Other events	-	1,623	2,793
Professional fees	2,750	3,429	3,263
Rent	19,000	18,046	17,768
Salaries and wages	-	-	4,412
Seasonal events	59,600	16,100	20,665
Total expenses	196,621	324,110	316,158
Annual deficit	(13,250)	(348)	(15,176)
Accumulated surplus, beginning of year	76,952	76,952	92,128
Accumulated surplus, end of year	\$ 63,702	\$ 76,604	\$ 76,952

See accompanying notes to financial statements.

DUNDAS BUSINESS IMPROVEMENT AREA

Statement of Changes in Net Financial Assets

Year ended December 31, 2018, with comparative information for 2017

	2018	2017
Annual deficit	\$ (348)	\$ (15,176)
Amortization of tangible capital assets	248	6,900
Change in net financial assets	(100)	(8,276)
Net financial assets, beginning of year	75,400	83,676
Net financial assets, end of year	\$ 75,300	\$ 75,400

See accompanying notes to financial statements.

DUNDAS BUSINESS IMPROVEMENT AREA

Statement of Cash Flows

Year ended December 31, 2018, with comparative information for 2017

	2018	2017
Cash provided by (used in):		
Operating activities:		
Annual deficit	\$ (348)	\$ (15,176)
Items not involving cash:		
Amortization	248	6,900
Change in non-cash assets and liabilities:		
Accounts receivable	(2,970)	6,523
HST receivable	56,218	(22,118)
Accounts payable and accrued liabilities	(1,978)	(39,840)
Net change in cash from operating activities	51,170	(63,711)
Investing activities:		
Disposal of investments	-	51,062
Financing activities:		
Change in due to City of Hamilton	5,544	(1,156)
Net increase (decrease) in cash	56,714	(13,805)
Cash, beginning of year	1,734	15,539
Cash, end of year	\$ 58,448	\$ 1,734

See accompanying notes to financial statements.

DUNDAS BUSINESS IMPROVEMENT AREA

Notes to Financial Statements

Year ended December 31, 2018

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

1. Significant accounting policies:

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

(a) Basis of accounting:

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

(b) Cash and cash equivalents:

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

(c) Investments:

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

(d) Government transfers:

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

DUNDAS BUSINESS IMPROVEMENT AREA

Notes to Financial Statements (continued)

Year ended December 31, 2018

1. Significant accounting policies (continued):

(e) Other income:

Other income is reported as revenue in the period earned.

(f) Non-financial assets:

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

(i) Tangible capital assets:

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

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

(g) Use of estimates:

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

DUNDAS BUSINESS IMPROVEMENT AREA

Notes to Financial Statements (continued)

Year ended December 31, 2018

2. Tangible capital assets:

Cost	Balance at December 31, 2017	Additions	Disposals	Balance at December 31, 2018
Computer software	\$ 426	\$ -	\$ -	\$ 426
Computer hardware	1,239	-	-	1,239
Furniture and equipment	15,489	-	-	15,489
Decorations	60,934	-	-	60,934
Total	\$ 78,088	\$ -	\$ -	\$ 78,088

Accumulated amortization	Balance at December 31, 2017	Disposals	Amortization expense	Balance at December 31, 2018
Computer software	\$ 426	\$ -	\$ -	\$ 426
Computer hardware	867	-	248	1,115
Furniture and equipment	15,489	-	-	15,489
Decorations	60,934	-	-	60,934
Total	\$ 77,716	\$ -	248	\$ 77,964

	Net book value December 31, 2017	Net book value December 31, 2018
Computer software	\$ -	\$ -
Computer hardware	372	124
Furniture and equipment	-	-
Decorations	-	-
Total	\$ 372	\$ 124

DUNDAS BUSINESS IMPROVEMENT AREA

Notes to Financial Statements (continued)

Year ended December 31, 2018

3. Accumulated surplus:

Accumulated surplus consists of the following:

	2018	2017
Surplus:		
Invested in tangible capital assets	\$ 124	\$ 372
Operating surplus	39,522	39,622
Total surplus	39,646	39,994
Reserves set aside by the Board:		
Economic development reserve	24,150	24,150
Promotional development reserve	4,820	4,820
Christmas decoration and other beautification projects reserve	7,988	7,988
Total reserves	36,958	36,958
	\$ 76,604	\$ 76,952

4. Sponsorship:

Donated services, which would otherwise be paid for by the Business Improvement Area are recorded at fair value when provided. The value of the donation in-kind, as determined by the donors, amounted to \$60,752 (2017 - \$58,722) and has been included in Buskerfest sponsorship in-kind and Buskerfest other in-kind expenses.

5. Related party transactions:

City of Hamilton:

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

	2018	2017
Revenue:		
Member levy collected on behalf of the Business Improvement Area	\$ 140,178	\$ 119,787

The City of Hamilton has also contributed \$13,487 (2017 - \$11,614) to commercial improvement programs undertaken by the Business Improvement Area, \$25,787 (2017 - \$21,305) from parking sharing revenue program and \$1,192 (2017 - \$1,550) in other grants. The Buskerfest grant of \$29,403 (2017 - \$28,827) from the City of Hamilton is included in Buskerfest revenue in the statement of operations.

DUNDAS BUSINESS IMPROVEMENT AREA

Notes to Financial Statements (continued)

Year ended December 31, 2018

5. Related party transactions (continued):

At the end of the year, other grants in the amount of 1,192 (2017 - \$1,550) were receivable from the City of Hamilton. The Business Improvement Area had a payable \$9,693 (2017 - \$4,507) primarily for tax write offs of \$7,893 and audit accruals of \$1,800.

6. Budget data:

The budget data presented in these financial statements is based upon the 2018 budget approved by the Board on October 17, 2017. Amortization and acquisition of tangible capital assets were not contemplated on development of the budget and, as such, were not provided on the statement of changes in net financial assets. In addition, the Business Improvement Area often budgets for revenue sources not in accordance with public sector accounting standards. Total revenues budgeted in 2018 were \$196,621, of which \$13,250 relates to rebates received on eligible purchases for HST. This has been excluded in the statement of operations to ensure presentation of budgeted figures is consistent with actual results.

7. Government transfers:

During the year, the Business Improvement Area received a federal grant for summer students in the amount of \$nil (2017 - \$4,383). In addition, the Business Improvement Area received a provincial grant in the amount of \$9,895 (2017 - \$17,576) of which \$nil (2017 - \$1,533) was recognized as a payable back to the government for underspending and thus not recognized in the statement of operations.

8. Commitments:

The Business Improvement Area is committed under an operating lease for the rental of office space until June 30, 2019. Future minimum lease payments under this operating lease amount to \$7,200.

9. Comparative information:

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

Financial Statements of

**INTERNATIONAL VILLAGE
BUSINESS IMPROVEMENT
AREA**

Year ended December 31, 2018



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INDEPENDENT AUDITORS' REPORT

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

Opinion

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

- the statement of financial position as at December 31, 2018,
- the statement of operations for the year then ended,
- the statement of changes in net financial assets for the year then ended,
- the statement of cash flows for the year then ended,
- and notes, including a summary of significant accounting policies and other explanatory information.

(Hereinafter referred to as the "financial statements")

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at December 31, 2018, and its results of operations, its changes in net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "Auditors' Responsibilities for the Audit of the Financial Statements" section of our auditors' report.

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

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



Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

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

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.



- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusion is based on the audit evidence obtained up to the date of our auditors report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

Hamilton, Canada
September 11, 2019

INTERNATIONAL VILLAGE BUSINESS IMPROVEMENT AREA

Financial Statements

Year ended December 31, 2018

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INTERNATIONAL VILLAGE BUSINESS IMPROVEMENT AREA

Statement of Financial Position

December 31, 2018, with comparative information for 2017

	2018	2017
Financial assets		
Cash	\$ 124,664	\$ 164,606
Accounts receivable	1,192	3,350
HST receivable	15,286	25,499
	<u>141,142</u>	<u>193,455</u>
Financial liabilities		
Accounts payable and accrued liabilities	3,005	7,893
Due to City of Hamilton (note 3)	3,214	4,897
Deferred revenue (note 5)	-	75,000
	<u>6,219</u>	<u>87,790</u>
Net financial assets	134,923	105,665
Non-financial assets		
Prepaid expenses	2,186	6,806
Tangible capital assets (note 2)	7,182	6,836
	<u>9,368</u>	<u>13,642</u>
Commitments (note 6)		
Accumulated surplus (note 4)	\$ 144,291	\$ 119,307

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, 2018, with comparative information for 2017

	Budget (note 7)	2018	2017
Revenue:			
Assessment levy (note 3)	\$ 150,000	\$ 147,986	\$ 140,703
City of Hamilton grants (note 3)	-	25,232	22,179
Other	-	758	3,350
Total revenue	150,000	173,976	166,232
Expenses:			
Advertising and promotion	45,000	27,244	29,721
Amortization	-	2,048	1,598
Audit fees	-	600	600
Beautification and maintenance	3,500	314	443
Board expenses	2,000	1,881	1,900
Commercial improvement	-	4,752	1,188
Contingency	5,000	1,007	-
Insurance	3,900	3,473	3,473
Interest and bank charges	3,500	2,705	3,167
Member events and office	8,500	7,594	5,670
Parking program expenditures	-	13,404	12,722
Rent	11,400	10,518	10,248
Repairs and maintenance	1,000	757	284
Wages – administrative and program delivery	62,200	67,144	65,145
Telephone and internet	4,000	3,265	3,553
Community enrichment expenses	-	2,286	2,002
Total expenses	150,000	148,992	141,714
Annual surplus	-	24,984	24,518
Accumulated surplus, beginning of year	119,307	119,307	94,789
Accumulated surplus, end of year	\$ 119,307	\$ 144,291	\$ 119,307

See accompanying notes to financial statements.

INTERNATIONAL VILLAGE BUSINESS IMPROVEMENT AREA

Statement of Changes in Net Financial Assets

Year ended December 31, 2018, with comparative information for 2017

	2018	2017
Annual surplus	\$ 24,984	\$ 24,518
Decrease (increase) in prepaid expenses	4,620	(2,552)
Amortization of tangible capital assets	2,048	1,598
Acquisition of tangible capital assets	(2,394)	(3,687)
Change in net financial assets	29,258	19,877
Net financial assets, beginning of year	105,665	85,788
Net financial assets, end of year	\$ 134,923	\$ 105,665

See accompanying notes to financial statements.

INTERNATIONAL VILLAGE BUSINESS IMPROVEMENT AREA

Statement of Cash Flows

Year ended December 31, 2018, with comparative figures for 2017

	2018	2017
Cash provided by (used in):		
Operating activities:		
Annual surplus	\$ 24,984	\$ 24,518
Items not involving cash:		
Amortization	2,048	1,598
Change in non-cash assets and liabilities:		
Accounts receivable	2,158	(3,100)
HST receivable	10,213	(7,786)
Prepaid expenses	4,620	(2,552)
Accounts payable and accrued liabilities	(4,888)	6,076
Deferred revenue	(75,000)	2,500
Net change in cash from operating activities	(35,865)	21,254
Capital activities:		
Acquisition of tangible capital assets	(2,394)	(3,687)
Financing activities:		
Change in due to City of Hamilton	(1,683)	2,471
Net increase (decrease) in cash	(39,942)	20,038
Cash, beginning of year	164,606	144,568
Cash, end of year	\$ 124,664	\$ 164,606

See accompanying notes to financial statements.

INTERNATIONAL VILLAGE BUSINESS IMPROVEMENT AREA

Notes to Financial Statements

Year ended December 31, 2018

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

1. Significant accounting policies:

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

(a) Basis of accounting:

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

(b) Cash and cash equivalents:

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

(c) Government transfers:

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

(d) Other income:

Other income is reported as revenue in the period earned.

INTERNATIONAL VILLAGE BUSINESS IMPROVEMENT AREA

Notes to Financial Statements (continued)

Year ended December 31, 2018

1. Significant accounting policies (continued):

(e) Deferred revenue:

Deferred revenue represents the 2018 assessment levy which was collected in 2017, but which is for 2018 operations. These amounts has been recognized as revenues in the 2018 fiscal year.

(f) Non-financial assets:

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

(i) Tangible capital assets:

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

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

(g) Use of estimates:

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

INTERNATIONAL VILLAGE BUSINESS IMPROVEMENT AREA

Notes to Financial Statements (continued)

Year ended December 31, 2018

2. Tangible capital assets:

Cost	Balance at December 31, 2017	Additions	Disposals	Balance at December 31, 2018
Computer hardware	\$ 3,236	\$ -	\$ -	\$ 3,236
Furniture and equipment	7,187	-	-	7,187
Decorations	15,950	2,394	-	18,344
Total	\$ 26,373	\$ 2,394	\$ -	\$ 28,767

Accumulated amortization	Balance at December 31, 2017	Disposals	Amortization expense	Balance at December 31, 2018
Computer hardware	\$ 3,060	\$ -	\$ 117	\$ 3,177
Furniture and equipment	7,187	-	-	7,187
Decorations	9,290	-	1,931	11,221
Total	\$ 19,537	\$ -	\$ 2,048	\$ 21,585

Net book value	December 31, 2017	December 31, 2018
Computer hardware	\$ 176	\$ 59
Furniture and equipment	-	-
Decorations	6,660	7,123
Total	\$ 6,836	\$ 7,182

- (a) Contributed tangible capital assets:
The Business Improvement Area received no contributed tangible capital assets in 2018 or 2017.
- (b) Tangible capital assets disclosed at nominal values:
There are no tangible capital assets recognized at a nominal value.
- (c) Write-down of tangible capital assets:
The Business Improvement Area has not recorded write-downs of tangible capital assets during the year or 2017.

INTERNATIONAL VILLAGE BUSINESS IMPROVEMENT AREA

Notes to Financial Statements (continued)

Year ended December 31, 2018

3. Related party transactions:

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

Revenue:

	2018	2017
Member levy collected on behalf of the Business Improvement Area	\$ 147,986	\$ 140,703

The City of Hamilton has also contributed \$6,918 (2017 - \$7,172) to commercial improvement programs undertaken by the Business Improvement Area, \$14,942 (2017 - \$12,828) from parking sharing revenue program and \$3,372 (2017 - \$2,179) for the community enrichment fund program.

At the end of the year the Business Improvement Area had a payable to the City of Hamilton of \$3,214 (2017 - \$4,897) for vacancy rebates on the member levy collected by the City of Hamilton and year-end audit fees.

4. Accumulated surplus:

Accumulated surplus consists of the following:

	2018	2017
Surplus:		
Invested in tangible capital assets	\$ 7,182	\$ 6,836
Operating	137,109	112,471
Accumulated surplus	\$ 144,291	\$119,307

INTERNATIONAL VILLAGE BUSINESS IMPROVEMENT AREA

Notes to Financial Statements (continued)

Year ended December 31, 2018

5. Deferred revenue:

Deferred revenue consists of the following:

	2018	2017
Balance, beginning of year	\$ 75,000	\$ 72,500
Add: receipts	-	75,000
Less: amounts recognized in revenue	(75,000)	(72,500)
Balance, end of year	\$ -	\$ 75,000

6. Commitments:

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

2019	\$	12,300
2020		12,900
2021		6,600
	\$	31,800

7. Budget data:

The budget data presented in these financial statements is based upon the 2018 budget approved by the Board. Amortization and acquisitions of tangible capital assets were not contemplated on development of the budget and, as such, were not provided on the statement of changes in net financial assets.

Financial Statements of

**KING STREET WEST
BUSINESS IMPROVEMENT AREA**

And Independent Auditors' Report thereon

Year ended December 31, 2018



KPMG LLP
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INDEPENDENT AUDITORS' REPORT

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

Opinion

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

- the statement of financial position as at December 31, 2018,
- the statement of operations and accumulated surplus for the year then ended,
- the statement of changes in net financial assets for the year then ended,
- the statement of cash flows for the year then ended,
- and notes, including a summary of significant accounting policies and other explanatory information.

(Hereinafter referred to as the "financial statements")

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at December 31, 2018, and its results of operations, its changes in net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "Auditors' Responsibilities for the Audit of the Financial Statements" section of our auditors' report.

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

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



Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

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

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.



- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusion is based on the audit evidence obtained up to the date of our auditors report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

Hamilton, Canada
April 30, 2020

KING STREET WEST BUSINESS IMPROVEMENT AREA

Financial Statements

Year ended December 31, 2018

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KING STREET WEST BUSINESS IMPROVEMENT AREA

Statement of Financial Position

December 31, 2018, with comparative information for 2017

	2018	2017
Financial assets		
Cash	\$ 10,859	\$ 7,427
Due from City of Hamilton (note 3)	4,555	4,934
	<u>15,414</u>	<u>12,361</u>
Financial liabilities		
Accounts payable and accrued liabilities	195	219
Net financial assets	15,219	12,142
Non-financial assets		
Tangible capital assets (note 2)	-	380
Prepaid expenses	2,317	-
	<u>2,317</u>	<u>380</u>
Accumulated surplus (note 4)	<u>\$ 17,536</u>	<u>\$ 12,522</u>

See accompanying notes to financial statements.

On behalf of the Board:

_____ Director

_____ Director

KING STREET WEST BUSINESS IMPROVEMENT AREA

Statement of Operations and Accumulated Surplus

Year ended December 31, 2018, with comparative information for 2017

	Budget (note 5)	2018	2017
Revenue:			
City of Hamilton grants (note 3)	\$ 9,297	\$ 5,579	\$ 3,514
Assessment levy (note 3)	5,378	5,219	5,122
Total revenue	14,675	10,798	8,636
Expenses:			
Insurance	2,500	2,317	2,273
Beautification	4,000	1,854	1,427
Professional fees	350	470	339
Special events	4,000	467	3,503
Amortization	-	380	796
Administration	3,825	296	1,023
Total expenses	14,675	5,784	9,361
Annual surplus (deficit)	-	5,014	(725)
Accumulated surplus, beginning of year	12,522	12,522	13,247
Accumulated surplus, end of year	\$ 12,522	\$ 17,536	\$ 12,522

See accompanying notes to financial statements.

KING STREET WEST BUSINESS IMPROVEMENT AREA

Statement of Changes in Net Financial Assets

Year ended December 31, 2018, with comparative information for 2017

	2018	2017
Annual surplus (deficit)	\$ 5,014	\$ (725)
Amortization of tangible capital asset	380	796
Prepaid expenses	(2,317)	2,273
Change in net financial assets	3,077	2,344
Net financial assets, beginning of year	12,142	9,798
Net financial assets, end of year	\$ 15,219	\$ 12,142

See accompanying notes to financial statements.

KING STREET WEST BUSINESS IMPROVEMENT AREA

Statement of Cash Flows

Year ended December 31, 2018, with comparative information for 2017

	2018	2017
Cash provided by (used in):		
Operating activities:		
Annual surplus (deficit)	\$ 5,014	\$ (725)
Amortization	380	796
Change in non-cash assets and liabilities:		
Accounts payable and accrued liabilities	(24)	(28)
Prepaid expenses	(2,317)	2,273
Net change in cash from operating activities	3,053	2,316
Financing activities:		
Change in due from City of Hamilton	379	(1,375)
Net increase in cash	3,432	941
Cash, beginning of year	7,427	6,486
Cash, end of year	\$ 10,859	\$ 7,427

See accompanying notes to financial statements.

KING STREET WEST BUSINESS IMPROVEMENT AREA

Notes to Financial Statements

Year ended December 31, 2018

The King Street West Business Improvement Area ("Business Improvement Area") was established in 1998 by the Council of the City of Hamilton and has been entrusted with the improvement, beautification and maintenance of municipally owned land, buildings and structures in the improvement area, beyond such expenditure by the City of Hamilton. The Business Improvement Area is also responsible for the promotion of this improvement area for business and shopping. The Business Improvement Area is financed by a special levy charged upon businesses in the improvement area.

1. Significant accounting policies:

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

(a) Basis of accounting:

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

(b) Government transfers:

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

(c) 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
Streetscape improvements	5

KING STREET WEST BUSINESS IMPROVEMENT AREA

Notes to Financial Statements (continued)

Year ended December 31, 2018

1. Significant accounting policies (continued):

(d) 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 revenue and expenses during the year. Actual results could differ from those estimates.

2. Tangible capital assets:

Cost	Balance at December 31, 2017	Additions	Disposals	Balance at December 31, 2018
Streetscape improvements	\$ 4,168	\$ -	\$ -	\$ 4,168

Accumulated amortization	Balance at December 31, 2017	Disposals	Amortization expense	Balance at December 31, 2018
Streetscape improvements	\$ 3,788	\$ -	\$ 380	\$ 4,168

	Net book value December 31, 2018	Net book value December 31, 2017
Streetscape improvements	\$ -	\$ 380

(a) Contributed tangible capital assets:

The Business Improvement Area received no contributed tangible capital assets in 2018 or 2017.

(b) Tangible capital assets disclosed at nominal values:

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

(c) Write-down of tangible capital assets:

The Business Improvement Area has not written down any tangible capital assets during the year or 2017.

KING STREET WEST BUSINESS IMPROVEMENT AREA

Notes to Financial Statements (continued)

Year ended December 31, 2018

3. Related party transactions:

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

Revenue:

	2018	2017
Member levy collected on behalf of the Business Improvement Area	\$ 5,219	\$ 5,122

The City of Hamilton has also contributed \$1,439 (2017 - \$nil) to commercial improvement programs undertaken by the Business Improvement Area and \$4,140 (2017 - \$3,514) for parking sharing program.

At the end of the year, the Business Improvement Area had a receivable from the City of Hamilton in the amount of \$5,579 (2017 - \$5,377) for the 2017 commercial improvement and parking sharing grants, net of a payable of \$157 (2017 - receivable of \$122) for supplementary levies on the member levy collected by the City of Hamilton, and a payable of \$867 (2017 - \$565) for operating expenses.

These transactions are in the normal course of operations and are measured at the approved amount.

4. Accumulated surplus:

Accumulated surplus consists of the following:

	2018	2017
Surplus:		
Invested in tangible capital assets	\$ -	\$ 380
Operating	17,536	12,142
Accumulated surplus	\$ 17,536	\$ 12,522

5. Budget data:

The budget data presented in these financial statements is based upon the 2018 budget approved by the Board on October 11, 2017. Amortization and acquisitions of tangible capital assets were not contemplated on development of the budget and, as such, were not provided on the statement of changes in net financial assets.

Financial Statements of

**LOCKE STREET BUSINESS
IMPROVEMENT AREA**

And Independent Auditors' Report thereon

Year ended December 31, 2018



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INDEPENDENT AUDITORS' REPORT

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

Opinion

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

- the statement of financial position as at December 31, 2018,
- the statement of operations and accumulated surplus for the year then ended,
- the statement of changes in net financial assets for the year then ended,
- the statement of cash flows for the year then ended,
- and notes, including a summary of significant accounting policies and other explanatory information.

(Hereinafter referred to as the "financial statements")

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at December 31, 2018, and its results of operations and accumulated surplus, its changes in net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "Auditors' Responsibilities for the Audit of the Financial Statements" section of our auditors' report.

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

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



Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

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

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.



- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusion is based on the audit evidence obtained up to the date of our auditors report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

Hamilton, Canada

January 20, 2020

LOCKE STREET BUSINESS IMPROVEMENT AREA

Financial Statements

Year ended December 31, 2018

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LOCKE STREET BUSINESS IMPROVEMENT AREA

Statement of Financial Position

December 31, 2018, with comparative information for 2017

	2018	2017
Financial assets		
Cash	\$ 37,221	\$ 60,817
Accounts receivable	876	1,438
HST receivable	1,079	409
Due from City of Hamilton (note 2)	14,059	-
	<u>53,235</u>	<u>62,664</u>
Financial liabilities		
Accounts payable and accrued liabilities	112	8,166
Due to City of Hamilton (note 2)	-	107
Deferred revenue (note 4)	5,452	9,701
Net financial assets	<u>47,671</u>	<u>44,690</u>
Non-financial assets		
Tangible capital assets (note 3)	24,235	22,222
Prepaid expenses	2,772	3,984
	<u>27,007</u>	<u>26,206</u>
Accumulated surplus (note 5)	<u>\$ 74,678</u>	<u>\$ 70,896</u>

See accompanying notes to financial statements.

On behalf of the Board:

Director

Director

LOCKE STREET BUSINESS IMPROVEMENT AREA

Statement of Operations and Accumulated Surplus

Year ended December 31, 2018, with comparative information for 2017

	Budget (note 6)	2018	2017
Revenue:			
Festival income	\$ 48,500	\$ 38,858	\$ 34,894
Assessment levy (note 2)	30,000	28,880	29,093
City of Hamilton grants (note 2)	-	15,979	14,963
LSMA funding (note 4)	-	4,249	-
Other income	15,000	-	500
Total revenue	93,500	87,966	79,450
Expenses:			
Advertising and promotion	14,000	15,484	17,731
Amortization	-	11,870	10,135
Commercial improvement	12,500	11,577	11,050
Festival expenses	61,000	39,227	39,103
Insurance	2,500	1,476	1,955
Office supplies	500	442	739
Professional fees	1,500	300	332
Miscellaneous	1,500	2,213	791
Rent	-	1,595	-
Total expenses	93,500	84,184	81,836
Annual surplus (deficit)	-	3,782	(2,386)
Accumulated surplus, beginning of year	70,896	70,896	73,282
Accumulated surplus, end of year	\$ 70,896	\$ 74,678	\$ 70,896

See accompanying notes to financial statements.

LOCKE STREET BUSINESS IMPROVEMENT AREA

Statement of Changes in Net Financial Assets

Year ended December 31, 2018, with comparative information for 2017

	2018	2017
Annual surplus (deficit)	\$ 3,782	\$ (2,386)
Acquisition of tangible capital assets	(13,883)	(655)
Amortization of tangible capital assets	11,870	10,135
Decrease (increase) in prepaid expenses	1,212	(3,109)
Change in net financial assets	2,981	3,985
Net financial assets, beginning of year	44,690	40,705
Net financial assets, end of year	\$ 47,671	\$ 44,690

See accompanying notes to financial statements.

LOCKE STREET BUSINESS IMPROVEMENT AREA

Statement of Cash Flows

Year ended December 31, 2018, with comparative information for 2017

	2018	2017
Cash provided by (used in):		
Operating activities:		
Annual surplus (deficit)	\$ 3,782	\$ (2,386)
Items not involving cash:		
Amortization	11,870	10,135
Change in non-cash assets and liabilities:		
Accounts receivable	562	201
HST receivable	(670)	1,911
Prepaid expenses	1,212	(3,109)
Accounts payable and accrued liabilities	(8,054)	5,911
Deferred revenue	(4,249)	-
Net change in cash from operating activities	4,453	12,663
Investing activities:		
Cash used to acquire tangible capital assets	(13,883)	(655)
Financing activities:		
Change in due to/from City of Hamilton	(14,166)	(2,517)
Increase (decrease) in cash	(23,596)	9,491
Cash, beginning of year	60,817	51,326
Cash, end of year	\$ 37,221	\$ 60,817

See accompanying notes to financial statements.

LOCKE STREET BUSINESS IMPROVEMENT AREA

Notes to Financial Statements

Year ended December 31, 2018

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

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

1. Significant accounting policies:

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

(a) Basis of accounting:

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

(b) Government transfers:

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

(c) Other income:

Other income is reported as revenue in the period earned.

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

LOCKE STREET BUSINESS IMPROVEMENT AREA

Notes to Financial Statements (continued)

Year ended December 31, 2017

1. Significant accounting policies (continued):

(d) Non-financial assets:

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

(i) Tangible capital assets:

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

Asset	Useful life - years
Decorations	5
Banners	4

(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.

2. Related party transactions:

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

Revenue:

	2018	2017
Member levy collected on behalf of the Business Improvement Area	\$ 28,880	\$ 29,093

The City of Hamilton has also contributed \$2,947 (2017 - \$3,184) to commercial improvement programs undertaken by the Business Improvement Area, \$1,192 (2017 - \$1,300) for the annual Christmas grant and \$11,840 (2017 - \$10,479) from the parking sharing revenue program. At the end of the year, the City of Hamilton grant of \$15,979 (2017 - \$1,300) was owing from the City of Hamilton net of \$1,120 (2017 - \$907) owing for the cash received in excess of member levy collected by the City and \$800 (2017 - \$500) owing for the annual audit expenses.

LOCKE STREET BUSINESS IMPROVEMENT AREA

Notes to Financial Statements (continued)

Year ended December 31, 2017

3. Tangible capital assets:

Cost	Balance at December 31, 2017	Additions	Disposals	Balance at December 31, 2018
Decorations	\$ 37,868	\$ 5,386	\$ -	\$ 43,254
Banners	10,247	8,497	-	18,744
Total	\$ 48,115	\$ 13,883	\$ -	\$ 61,998

Accumulated amortization	Balance at December 31, 2017	Disposals	Amortization expense	Balance at December 31, 2018
Decorations	\$ 20,408	\$ -	\$ 8,247	\$ 28,655
Banners	5,485	-	3,623	9,108
Total	\$ 25,893	\$ -	\$ 11,870	\$ 37,763

Net book value	December 31, 2017	December 31, 2018
Decorations	\$ 17,460	\$ 14,599
Banners	4,762	9,636
Total	\$ 22,222	\$ 24,235

(a) Contributed tangible capital assets:

The Business Improvement Area received no contributed tangible capital assets in 2018 or 2017.

(b) Tangible capital assets disclosed at nominal values:

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

(c) Write-down of tangible capital assets:

The Business Improvement Area has not recorded write-downs of tangible capital assets during the year or 2017.

LOCKE STREET BUSINESS IMPROVEMENT AREA

Notes to Financial Statements (continued)

Year ended December 31, 2017

4. Deferred revenue:

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

	2018	2017
Balance, beginning of year	\$ 9,701	\$ 9,701
Receipts	-	-
Recognized as revenue	4,249	-
Balance, end of year	\$ 5,452	\$ 9,701

5. Accumulated surplus:

Accumulated surplus consists of the following:

	2018	2017
Surplus:		
Invested in tangible capital assets	\$ 24,235	\$ 22,222
Operating	50,443	48,674
	\$ 74,678	\$ 70,896

6. Budget data:

The budget data presented in these financial statements is based upon the 2018 budget approved by the Board on January 23, 2018. Amortization and acquisitions of tangible capital assets were not contemplated on development of the budget and, as such, were not provided on the statement of changes in net financial assets.

Financial Statements of

**MAIN STREET WEST
ESPLANADE BUSINESS
IMPROVEMENT AREA**

Year ended December 31, 2018



KPMG LLP
Commerce Place
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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

Opinion

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

- the statement of financial position as at December 31, 2018,
- the statement of operations for the year then ended,
- the statement of changes in net financial assets for the year then ended,
- the statement of cash flows for the year then ended,
- and notes, including a summary of significant accounting policies and other explanatory information.

(Hereinafter referred to as the "financial statements")

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at December 31, 2018, and its results of operations, its changes in net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "Auditors' Responsibilities for the Audit of the Financial Statements" section of our auditors' report.

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

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



Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

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

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.



- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusion is based on the audit evidence obtained up to the date of our auditors report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

Hamilton, Canada
September 18, 2019

MAIN STREET WEST ESPLANADE BUSINESS IMPROVEMENT AREA

Financial Statements

Year ended December 31, 2018

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MAIN STREET WEST ESPLANADE BUSINESS IMPROVEMENT AREA

Statement of Financial Position

December 31, 2018, with comparative information for 2017

	2018	2017
Financial assets		
Cash	\$ 5,227	\$ 8,901
Due from City of Hamilton (note 4)	2,105	1,644
	<u>7,332</u>	<u>10,545</u>
Financial liabilities		
Accounts payable and accrued liabilities	-	-
Net financial assets	7,332	10,545
Non-financial assets		
Tangible capital assets (note 2)	-	756
Prepaid expenses	1,071	1,071
	<u>1,071</u>	<u>1,827</u>
Accumulated surplus (note 3)	<u>\$ 8,403</u>	<u>\$ 12,372</u>

See accompanying notes to financial statements.

On behalf of the Board:

_____ Director

_____ Director

MAIN STREET WEST ESPLANADE BUSINESS IMPROVEMENT AREA

Statement of Operations

Year ended December 31, 2018, with comparative information for 2017

	Budget (note 5)	2018	2017
Revenue:			
Assessment levy (note 4)	\$ 6,192	\$ 6,204	\$ 11,500
City of Hamilton grants (note 4)	-	761	-
Other Income	9,115	-	-
Total revenue	15,307	6,965	11,500
Expenses:			
Amortization	-	756	1,510
Beautification	9,000	4,367	3,800
Marketing	1,725	-	1,569
Office supplies	500	-	187
Other	1,800	25	72
Insurance and professional fees	2,282	5,786	2,175
Total expenses	15,307	10,934	9,313
Annual (deficit) surplus	-	(3,969)	2,187
Accumulated surplus, beginning of year	12,372	12,372	10,185
Accumulated surplus, end of year	\$ 12,372	\$ 8,403	\$ 12,372

See accompanying notes to financial statements.

MAIN STREET WEST ESPLANADE BUSINESS IMPROVEMENT AREA

Statement of Changes in Net Financial Assets

Year ended December 31, 2018, with comparative information for 2017

	2018	2017
Annual (deficit) surplus	\$ (3,969)	\$ 2,187
Amortization of tangible assets	756	1,510
Change in net financial assets	(3,213)	3,697
Net financial assets, beginning of year	10,545	6,848
Net financial assets, end of year	\$ 7,332	\$ 10,545

See accompanying notes to financial statements.

MAIN STREET WEST ESPLANADE BUSINESS IMPROVEMENT AREA

Statement of Cash Flows

Year ended December 31, 2018, with comparative figures for 2017

	2018	2017
Cash provided by (used in):		
Operating activities:		
Annual (deficit) surplus	\$ (3,969)	\$ 2,187
Items not involving cash:		
Amortization	756	1,510
Change in non-cash assets and liabilities:		
Accounts payable and accrued liabilities	-	(159)
Cash used in operating activities	(3,213)	3,538
Financing activities:		
Change in due to City of Hamilton	(461)	40
Net (decrease) increase in cash	(3,674)	3,578
Cash, beginning of year	8,901	5,323
Cash, end of year	\$ 5,227	\$ 8,901

See accompanying notes to financial statements.

MAIN STREET WEST ESPLANADE BUSINESS IMPROVEMENT AREA

Notes to Financial Statements

Year ended December 31, 2018

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.

1. Significant accounting policies:

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

(a) Basis of accounting:

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

(b) Government transfers:

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

(c) Other income:

Other income is recognized as revenue in the period earned.

MAIN STREET WEST ESPLANADE BUSINESS IMPROVEMENT AREA

Notes to Financial Statements (continued)

Year ended December 31, 2018

1. Significant accounting policies (continued):

(d) Non-financial assets:

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

(i) Tangible capital assets:

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

Asset	Useful life - years
Decorations	5

(e) 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.

MAIN STREET WEST ESPLANADE BUSINESS IMPROVEMENT AREA

Notes to Financial Statements (continued)

Year ended December 31, 2018

2. Tangible capital assets:

Cost	Balance at December 31, 2017	Additions	Disposals	Balance at December 31, 2018
Decorations	\$ 7,551	\$ -	\$ -	\$ 7,551

Accumulated amortization	Balance at December 31, 2017	Disposals	Amortization expense	Balance at December 31, 2018
Decorations	\$ 6,795	\$ -	\$ 756	\$ 7,551

	Net book value December 31, 2017	Net book value December 31, 2018
Decorations	\$ 756	\$ -

(a) Contributed tangible capital assets:

The Business Improvement Area received no contributed tangible capital assets in 2018 or 2017.

(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 or 2017.

MAIN STREET WEST ESPLANADE BUSINESS IMPROVEMENT AREA

Notes to Financial Statements (continued)

Year ended December 31, 2018

3. Accumulated surplus:

Accumulated surplus consists of the following:

	2018	2017
Surplus:		
Invested in tangible capital assets	\$ -	\$ 756
Operating	8,403	11,616
	<u>\$ 8,403</u>	<u>\$ 12,372</u>

4. Related party transactions:

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

	2018	2017
Revenue:		
Member levy collected on behalf of the Business Improvement Area	\$ 6,204	\$ 11,500

The City of Hamilton has also contributed \$761 (2017 - \$nil) in other grants. At the end of the year, the Business Improvement Area had a receivable of \$2,105 (2017 - \$1,644), consisting of 2014 and 2016 parking revenue in the amount of \$2,322 (2017 - \$2,322) and 2018 grant in the amount of \$761 (2017 - \$nil). This is offset by outstanding amounts owing to the City of Hamilton for the 2014, 2017 and 2018 audit fees totalling \$978.

5. Budget data:

The budget data presented in these financial statements is based upon the 2018 budget approved by the Board. Amortization and acquisitions of tangible capital assets were not contemplated on development of the budget and, as such, were not provided on the statement of changes in net financial assets.

Financial Statements of

**OTTAWA STREET
BUSINESS IMPROVEMENT AREA**

Year ended December 31, 2018



KPMG LLP
Commerce Place
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INDEPENDENT AUDITORS' REPORT

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

Opinion

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

- the statement of financial position as at December 31, 2018,
- the statement of operations for the year then ended,
- the statement of changes in net financial assets for the year then ended,
- the statement of cash flows for the year then ended,
- and notes, including a summary of significant accounting policies and other explanatory information.

(Hereinafter referred to as the "financial statements")

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at December 31, 2018, and its results of operations, its changes in net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "Auditors' Responsibilities for the Audit of the Financial Statements" section of our auditors' report.

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

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



Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

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

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusion is based on the audit evidence obtained up to the date of our auditors report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

Hamilton, Ontario
July 13, 2019

OTTAWA STREET BUSINESS IMPROVEMENT AREA

Financial Statements

Year ended December 31, 2018

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OTTAWA STREET BUSINESS IMPROVEMENT AREA

Statement of Financial Position

December 31, 2018, with comparative information for 2017

	2018	2017
Financial assets		
Cash	\$ 24,384	\$ 80,983
Accounts receivable	1,697	1,697
HST receivable	31,492	30,133
Due from City of Hamilton (note 3)	31,627	265
	<u>89,200</u>	<u>113,078</u>
Financial liabilities		
Accounts payable and accrued liabilities	34,430	6,720
Deferred revenue (note 4)	-	66,500
	<u>34,430</u>	<u>73,220</u>
Net financial assets	54,770	39,858
Non-financial assets		
Tangible capital assets (note 2)	81,989	97,192
Commitments (note 6)		
Accumulated surplus (note 5)	\$ 136,759	\$ 137,050

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, 2018, with comparative information for 2017

	Budget	2018	2017
	(Note 7)		
Revenue:			
Assessment levy (note 3)	\$ 133,000	\$ 131,183	\$ 132,385
City of Hamilton grants (note 3)	29,400	56,386	32,119
Farmer's market	3,500	3,395	12,145
Other income	17,500	16,293	18,443
Total revenue	183,400	207,257	195,092
Expenses:			
Advertising and promotion	71,000	40,673	35,291
Administrative services	40,000	50,159	70,867
Amortization	-	15,673	14,781
Bad debts	-	350	11,393
Beautification	18,900	23,014	24,156
Insurance	3,500	2,809	3,294
Office	-	4,127	2,450
Project costs	12,500	31,442	22,634
Rent	37,500	36,901	27,198
Salaries	-	2,400	-
Total expenses	183,400	207,548	212,064
Annual deficit	-	(291)	(16,972)
Accumulated surplus, beginning of year	137,050	137,050	154,022
Accumulated surplus, end of year	\$ 137,050	\$ 136,759	\$ 137,050

See accompanying notes to financial statements.

OTTAWA STREET BUSINESS IMPROVEMENT AREA

Statement of Changes in Net Financial Assets

Year ended December 31, 2018, with comparative information for 2017

	2018	2017
Annual deficit	\$ (291)	\$ (16,972)
Acquisition of tangible capital assets	(470)	(11,440)
Amortization of tangible capital assets	15,673	14,781
Change in net financial assets	14,912	(13,631)
Net financial assets, beginning of year	39,858	53,489
Net financial assets, end of year	\$ 54,770	\$ 39,858

See accompanying notes to financial statements.

OTTAWA STREET BUSINESS IMPROVEMENT AREA

Statement of Cash Flows

Year ended December 31, 2018, with comparative information for 2017

	2018	2017
Cash provided by (used in):		
Operating activities:		
Annual deficit	\$ (291)	\$ (16,972)
Items not involving cash:		
Amortization	15,673	14,781
Changes in non-cash assets and liabilities:		
Accounts receivable	-	2,724
HST receivable	(1,359)	(4,666)
Accounts payable and accrued liabilities	27,710	4,181
Deferred revenue	(66,500)	-
Net change in cash from operating activities	(24,767)	8,332
Capital activities:		
Cash used to acquire tangible capital assets	(470)	(11,440)
Financing activities:		
Change in due from City of Hamilton	(31,362)	8,284
Decrease in cash	(56,599)	(3,108)
Cash, beginning of year	80,983	84,091
Cash, end of year	\$ 24,384	\$ 80,983

See accompanying notes to financial statements.

OTTAWA STREET BUSINESS IMPROVEMENT AREA

Notes to Financial Statements

Year ended December 31, 2018

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

1. Significant accounting policies:

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

(a) Basis of accounting:

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

(b) Government transfers:

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

(c) Other income:

Other income is reported as revenue in the period earned.

OTTAWA STREET BUSINESS IMPROVEMENT AREA

Notes to Financial Statements (continued)

Year ended December 31, 2018

1. Significant accounting policies (continued):

(d) Non-financial assets:

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

(i) Tangible capital assets:

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

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

(e) Use of estimates:

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

OTTAWA STREET BUSINESS IMPROVEMENT AREA

Notes to Financial Statements (continued)

Year ended December 31, 2018

2. Tangible capital assets:

Cost	Balance at December 31, 2017	Additions	Disposals	Balance at December 31, 2018
Computers	\$ 1,682	\$ -	\$ -	\$ 1,682
Decorations	28,925	470	-	29,395
Furniture and equipment	109,341	-	-	109,341
Leasehold improvements	5,848	-	-	5,848
Total	\$ 145,796	\$ 470	\$ -	\$ 146,266

Accumulated amortization	Balance at December 31, 2017	Disposals	Amortization expense	Balance at December 31, 2018
Computers	\$ 1,372	\$ -	\$ 204	\$ 1,576
Decorations	16,419	-	3,950	20,369
Furniture and equipment	27,884	-	10,934	38,818
Leasehold improvements	2,929	-	585	3,514
Total	\$ 48,604	\$ -	\$ 15,673	\$ 64,277

Net book value	December 31, 2017	December 31, 2018
Computers	\$ 310	\$ 106
Decorations	12,506	9,026
Furniture and equipment	81,457	70,523
Leasehold improvements	2,919	2,334
Total	\$ 97,192	\$ 81,989

(a) Contributed tangible capital assets:

The Business Improvement Area received no contributed tangible capital assets in 2018 or 2017.

(b) Tangible capital assets disclosed at nominal values:

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

(c) Write-down of tangible capital assets:

The Business Improvement Area has not recorded write-downs of tangible capital assets during the year or 2018.

OTTAWA STREET BUSINESS IMPROVEMENT AREA

Notes to Financial Statements (continued)

Year ended December 31, 2018

3. Related party transactions:

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

Revenue:

	2018	2017
Member levy collected on behalf of the Ottawa Street Business Improvement Area	\$ 131,183	\$132,385

The City of Hamilton has also contributed \$13,665 (2017 - \$13,760) to commercial improvement programs undertaken by the Business Improvement Area, \$19,427 (2017 - \$16,639) from parking sharing revenue program and \$23,294 (2017 - \$1,720) in other grants.

At the end of the year, grants of \$34,284 were receivable (2017 - \$1,300) from the City of Hamilton. The amount due from the City of Hamilton at December 31, 2018 also includes a payable of \$1,817 (2017 - \$615) for supplementary levies and vacancy rebates as well as a payable for the audit fees of \$840 (2017 - \$420).

4. Deferred revenue:

Deferred revenues represent the 2018 Assessment levy which was collected in 2017, but which is for 2018 operations. These amounts has been recognized as revenues in the 2018 fiscal year.

5. Accumulated surplus:

Accumulated surplus consists of the following:

	2018	2017
Surplus:		
Invested in tangible capital assets	\$ 81,989	\$ 97,192
Operating	54,770	39,858
Accumulated surplus	\$ 136,759	\$137,050

OTTAWA STREET BUSINESS IMPROVEMENT AREA

Notes to Financial Statements (continued)

Year ended December 31, 2018

6. Commitments:

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

2019	\$	23,052
2020		23,052
2021		23,052
2022		23,052
2023		7,684
	\$	99,892

7. Budget data:

The budget data presented in these financial statements is based upon the 2018 budget approved by the Board on October 12, 2017. Amortization and acquisitions of tangible capital assets were not contemplated on development of the budget and, as such, were not provided on the statement of changes in net financial assets.

Financial Statements of

**STONEY CREEK BUSINESS
IMPROVEMENT AREA**

Year ended December 31, 2018



KPMG LLP
Commerce Place
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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 City of Hamilton

Opinion

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

- the statement of financial position as at December 31, 2018,
- the statement of operations for the year then ended,
- the statement of changes in net financial assets for the year then ended,
- the statement of cash flows for the year then ended,
- and notes, including a summary of significant accounting policies and other explanatory information.

(Hereinafter referred to as the "financial statements")

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at December 31, 2018, and its results of operations, its changes in net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "Auditors' Responsibilities for the Audit of the Financial Statements" section of our auditors' report.

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

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



Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

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

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.



- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusion is based on the audit evidence obtained up to the date of our auditors report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

Hamilton, Ontario
March 23, 2020

STONEY CREEK BUSINESS IMPROVEMENT AREA

Financial Statements

Year ended December 31, 2018

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STONEY CREEK BUSINESS IMPROVEMENT AREA

Statement of Financial Position

December 31, 2018, with comparative information for 2017

	2018	2017
Financial assets		
Cash	\$ 3,517	\$ 24,655
Accounts receivable	3,360	-
HST receivable	4,301	3,834
Due from the City of Hamilton (note 5)	5,716	924
	16,894	29,413
Financial liabilities		
Accounts payables and accrued liabilities	\$ 5,372	\$ -
Deferred revenue (note 3)	-	17,750
Net financial assets	11,522	11,663
Non-financial assets		
Tangible capital assets (note 2)	5,794	8,054
Prepaid expenses	533	519
	6,327	8,573
Accumulated surplus (note 4)	\$ 17,849	\$ 20,236

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, 2018, with comparative information for 2017

	Budget (note 6)	2018	2017
Revenue:			
Assessment levy (note 5)	\$ 35,500	\$ 35,500	\$ 29,904
City of Hamilton grants (note 5)	-	9,852	13,774
Other revenue	9,935	8,185	4,505
Total revenue	45,435	53,537	48,183
Expenses:			
Administration	14,480	15,590	7,462
Advertising and promotion	700	4,157	6,432
Amortization	-	2,260	2,014
Audit fees	400	420	385
Beautification	11,050	5,769	8,273
Christmas decorations and Santa Claus parade	11,305	7,200	4,274
Contingency fund	7,500	-	-
Insurance	-	1,264	1,399
Miscellaneous	-	346	299
Special events	-	18,918	15,667
Total expenses	45,435	55,924	46,205
Annual (deficit) surplus	-	(2,387)	1,978
Accumulated surplus, beginning of year	20,236	20,236	18,258
Accumulated surplus, end of year (note 4)	20,236	\$ 17,849	\$ 20,236

See accompanying notes to financial statements.

STONEY CREEK BUSINESS IMPROVEMENT AREA

Statement of Changes in Net Financial Assets

Year ended December 31, 2018, with comparative information for 2017

	2018	2017
Annual (deficit) surplus	\$ (2,387)	\$ 1,978
Amortization of tangible capital assets	2,260	2,014
(Increase) decrease in prepaid expenses	(14)	155
Change in net financial assets	(141)	4,147
Net financial assets, beginning of year	11,663	7,516
Net financial assets, end of year	\$ 11,522	\$ 11,663

See accompanying notes to financial statements.

STONEY CREEK BUSINESS IMPROVEMENT AREA

Statement of Cash Flows

Year ended December 31, 2018, with comparative information for 2017

	2018	2017
Cash provided by (used in):		
Operating activities:		
Annual (deficit) surplus	\$ (2,387)	\$ 1,978
Items not involving cash:		
Amortization	2,260	2,014
Change in non-cash assets and liabilities:		
Accounts receivable	(3,360)	-
HST receivable	(467)	(309)
Accounts payable and accruals	5,372	(348)
Prepaid expenses	(14)	155
Deferred revenue	(17,750)	17,750
Net change in cash from operating activities	(16,346)	21,240
Financing activities:		
Change in due from City of Hamilton	(4,792)	(65)
Net (decrease) increase in cash	(21,138)	21,175
Cash, beginning of year	24,655	3,480
Cash, end of year	\$ 3,517	\$ 24,655

See accompanying notes to financial statements.

STONEY CREEK BUSINESS IMPROVEMENT AREA

Notes to Financial Statements

Year ended December 31, 2018

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

1. Significant accounting policies:

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

(a) Basis of accounting:

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

(b) Cash and cash equivalents:

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

(c) Deferred revenue:

Deferred revenue represent the 2018 assessment levy which has been collected in 2017 and recognized as revenues in the fiscal year to which they relate.

(d) Government transfers:

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

STONEY CREEK BUSINESS IMPROVEMENT AREA

Notes to Financial Statements (continued)

Year ended December 31, 2018

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

(f) Other income:

Other income is reported as revenue in the period earned.

(g) Use of estimates:

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

STONEY CREEK BUSINESS IMPROVEMENT AREA

Notes to Financial Statements (continued)

Year ended December 31, 2018

2. Tangible capital assets:

Cost	Balance at December 31, 2017	Additions	Disposals	Balance at December 31, 2018
Decorations	\$ 25,631	\$ -	\$ -	\$ 25,631

Accumulated amortization	Balance at December 31, 2017	Disposals	Amortization expense	Balance at December 31, 2018
Decorations	\$ 17,577	\$ -	\$ 2,260	\$ 19,837

Net book value	December 31, 2018	December 31, 2017
Decorations	\$ 5,794	\$ 8,054

(a) Contributed tangible capital assets:

The Business Improvement Area received no contributed tangible capital assets in 2018 or 2017.

(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, 2018

3. Deferred revenue:

Deferred revenue consists of the following:

	2018	2017
Balance, beginning of year	\$ 17,750	\$ -
Add: receipts	-	17,750
Less: amounts recognized in revenue	17,750	-
Deferred revenue	\$ -	\$ 17,750

4. Accumulated surplus:

Accumulated surplus consists of the following:

	2018	2017
Surplus:		
Invested in tangible capital assets	\$ 5,974	\$ 8,054
Reserves set aside by the Board	2,000	2,000
Operating	9,875	10,182
Accumulated surplus	\$ 17,849	\$ 20,236

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

	2018	2017
Fund balance, beginning of year	\$ 2,000	\$ 2,000
Transfers to / (from) reserves	-	-
Fund balance, end of year	\$ 2,000	\$ 2,000

STONEY CREEK BUSINESS IMPROVEMENT AREA

Notes to Financial Statements (continued)

Year ended December 31, 2018

5. Related party transactions:

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

Revenue:

	2018	2017
Member levy collected on behalf of the Business Improvement Area	\$ 35,500	\$ 29,904

The City of Hamilton has also contributed \$5,659 (2017 - \$4,636) to commercial improvement programs undertaken by the Business Improvement Area and \$4,193 (2017 - \$9,138) in other grant funding. At the end of the year, other grants and member levy surplus in the amount of \$7,087 (2017 - 1,440) were receivable from the City of Hamilton. The Business Improvement Area has a payable of \$1,371 (2017 - \$516) for member levy write offs, audit accruals and other expenses.

6. Budget data:

The budget data presented in these financial statements is based upon the 2018 budget approved by the Board on November 22, 2017. Amortization and acquisition of tangible capital assets were not contemplated on development of the budget. For this reason, budget figures were not provided on the statement of changes in net financial assets.

Financial Statements of

**WATERDOWN BUSINESS
IMPROVEMENT AREA**

Year ended December 31, 2018



KPMG LLP
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Canada
Tel 905 523-8200
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INDEPENDENT AUDITORS' REPORT

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

Opinion

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

- the statement of financial position as at December 31, 2018,
- the statement of operations for the year then ended,
- the statement of changes in net financial assets for the year then ended,
- the statement of cash flows for the year then ended,
- and notes, including a summary of significant accounting policies and other explanatory information.

(Hereinafter referred to as the "financial statements")

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at December 31, 2018, and its results of operations, its changes in net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "Auditors' Responsibilities for the Audit of the Financial Statements" section of our auditors' report.

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

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



Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

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

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.



- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusion is based on the audit evidence obtained up to the date of our auditors report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

Hamilton, Canada

October 15, 2019

WATERDOWN BUSINESS IMPROVEMENT AREA

Financial Statements

Year ended December 31, 2018

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WATERDOWN BUSINESS IMPROVEMENT AREA

Statement of Financial Position

December 31, 2018, with comparative information for 2017

	2018	2017
Financial assets		
Cash	\$ 83,423	\$ 81,862
Accounts receivable	-	1,280
Investments (note 4)	80,958	100,000
HST receivable	15,832	20,367
	<u>180,213</u>	<u>203,509</u>
Financial liabilities		
Accounts payable and accrued liabilities	7,714	3,049
Due to City of Hamilton (note 3)	2,531	6,590
	<u>10,245</u>	<u>9,639</u>
Net financial assets	169,968	193,870
Non-financial assets		
Tangible capital assets (note 2)	78,587	84,447
Prepaid expenses	11,762	9,857
	<u>90,349</u>	<u>94,304</u>
Commitments (note 6)		
Accumulated surplus (note 5)	\$ 260,317	\$ 288,174

See accompanying notes to financial statements.

On behalf of the Board:

_____ Director

_____ Director

WATERDOWN BUSINESS IMPROVEMENT AREA

Statement of Operations

Year ended December 31, 2018, with comparative information for 2017

	Budget (note 7)	2018	2017
Revenues:			
Assessment levy (note 3)	\$ 229,498	\$ 231,823	\$ 223,911
City of Hamilton grants (note 3)	15,000	28,117	16,583
Federal grant – summer jobs	-	6,720	2,544
Other income	21,700	26,574	19,861
Total revenue	266,198	293,234	262,899
Expenses:			
Advertising and promotion	59,425	37,711	30,202
Amortization	-	24,089	23,614
Christmas tree of hope	-	4,585	-
Festival and parades	58,925	54,656	57,185
Insurance	6,000	5,572	5,342
Wages and benefits	74,500	81,929	54,073
Memberships, conferences, and seminars	2,600	2,450	3,539
Office and general expenses	15,300	12,633	13,493
Professional fees	-	1,620	7,000
Rent	30,000	30,000	29,200
Streetscaping and decorations	76,000	65,846	79,805
Total expenses	322,750	321,091	303,453
Annual deficit	\$ (56,552)	(27,857)	(40,554)
Accumulated surplus, beginning of year	228,174	288,174	328,728
Accumulated surplus, end of year	\$ 171,622	\$ 260,317	\$ 288,174

See accompanying notes to financial statements.

WATERDOWN BUSINESS IMPROVEMENT AREA

Statement of Changes in Net Financial Assets

Year ended December 31, 2018, with comparative information for 2017

	2018	2017
Annual deficit	\$ (27,857)	\$ (40,554)
Acquisition of tangible capital assets	(18,229)	(14,830)
Amortization of tangible capital assets	24,089	23,614
Increase in prepaid expenses	(1,905)	(558)
Change in net financial assets	(23,902)	(32,328)
Net financial assets, beginning of year	193,870	226,198
Net financial assets, end of year	\$ 169,968	\$ 193,870

See accompanying notes to financial statements.

WATERDOWN BUSINESS IMPROVEMENT AREA

Statement of Cash Flows

Year ended December 31, 2018, with comparative information for 2017

	2018	2017
Cash provided by (used in):		
Operating activities:		
Annual deficit	\$ (27,857)	\$ (40,554)
Items not involving cash:		
Amortization	24,089	23,614
Changes in non-cash assets and liabilities:		
HST receivable	4,535	6,731
Accounts receivable	1,280	(1,280)
Prepaid expenses	(1,905)	(558)
Accounts payable and accrued liabilities	4,665	1,567
Net change in cash from operating activities	4,807	(10,480)
Investing activities:		
Cash used to acquire tangible capital assets	(18,229)	(14,830)
Disposal of investments	19,042	-
Net change in cash from investing activities	813	(14,830)
Financing activities:		
Change in due to City of Hamilton	(4,059)	10,292
Net increase (decrease) in cash	1,561	(15,018)
Cash, beginning of year	81,862	96,880
Cash, end of year	\$ 83,423	\$ 81,862

See accompanying notes to financial statements.

WATERDOWN BUSINESS IMPROVEMENT AREA

Notes to Financial Statements

Year ended December 31, 2018

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

1. Significant accounting policies:

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

(a) Basis of accounting:

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

(b) Government transfers:

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

(c) Other income:

Other income is reported as revenue in the period earned.

(d) Investments:

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

WATERDOWN BUSINESS IMPROVEMENT AREA

Notes to Financial Statements (continued)

Year ended December 31, 2018

1. Significant accounting policies (continued):

(e) Non-financial assets:

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

(i) Tangible capital assets:

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

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

(f) Use of estimates:

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

WATERDOWN BUSINESS IMPROVEMENT AREA

Notes to Financial Statements (continued)

Year ended December 31, 2018

2. Tangible capital assets:

Cost	Balance at December 31, 2017	Additions	Disposals	Balance at December 31, 2018
Furniture and equipment	\$ 118,535	\$ -	\$ -	\$ 118,535
Leasehold improvements	20,739	-	-	20,739
Computer equipment	1,769	3,370	-	5,139
Banners	5,002	3,430	-	8,432
Gateway signs	-	11,429	-	11,429
Total	146,045	18,229	-	164,274

Accumulated amortization	Balance at December 31, 2017	Disposals	Amortization expense	Balance at December 31, 2018
Furniture and equipment	\$ 51,935	\$ -	\$ 12,570	\$ 64,505
Leasehold improvements	8,643	-	7,257	15,900
Computer equipment	520	-	880	1,400
Banners	500	-	2,239	2,739
Gateway signs	-	-	1,143	1,143
Total	61,598	-	24,089	85,687

Net book value	December 31, 2017	December 31, 2018
Furniture and equipment	\$ 66,600	\$ 54,030
Leasehold improvements	12,096	4,839
Computer equipment	1,249	3,739
Banners	4,502	5,693
Gateway signs	-	10,286
Total	84,447	78,587

(a) Contributed tangible capital assets:

The Business Improvement Area received no contributed tangible capital assets in 2018 or 2017.

(b) Tangible capital assets disclosed at nominal values:

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

WATERDOWN BUSINESS IMPROVEMENT AREA

Notes to Financial Statements (continued)

Year ended December 31, 2018

2. Tangible capital assets (continued):

(c) Write-down of tangible capital assets:

The Business Improvement Area has not recorded write-downs of tangible capital assets during the year or 2016.

3. Related party transactions:

(a) City of Hamilton:

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

	2018	2017
Revenue:		
Member levy collected on behalf of the Business Improvement Area	\$ 231,823	\$ 223,911

The City of Hamilton has also contributed \$5,374 (2017 - \$5,257) to commercial improvement programs undertaken by the Business Improvement Area and \$22,743 (2017 - \$11,326) in other grants.

At the end of the year, the Business Improvement Area had a payable from the City of Hamilton of \$2,531 (2017 - \$6,090) for the deficit of the member levy collected by the City of Hamilton as well as \$920 (2017 - \$500) for the annual audit accrual net of \$6,567 (\$2017 - \$nil) receivable from the commercial improvement program and Christmas grant.

(b) Board of Directors:

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

	2018	2017
Expenses:		
Professional fees	\$ 1,200	\$ 1,000

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

WATERDOWN BUSINESS IMPROVEMENT AREA

Notes to Financial Statements (continued)

Year ended December 31, 2018

4. Investments:

Investments reported in the Statement of Financial Position consist of guaranteed investment certificates ("GIC") and are reported at amortization cost. The Business Improvement Area purchased the GIC in May 2018 with a maturity date in July 2019. As at December 31, 2018, cost approximated the market value of the GIC and interest income has been accrued in the amount of \$1,171 (2017 - \$1,280).

5. Accumulated surplus:

Accumulated surplus consists of balances as follows at December 31:

	2018	2017
Surplus:		
Invested in tangible capital assets	\$ 78,587	\$ 84,447
<u>Operating fund</u>	<u>101,730</u>	<u>103,727</u>
	180,317	188,174
Reserve funds set aside by Waterdown Business Improvement Area:		
<u>Marketing and advertising</u>	<u>\$ 80,000</u>	<u>100,000</u>
	80,000	100,000
	<u>\$ 260,317</u>	<u>\$ 288,174</u>

6. Commitments:

The Business Improvement Area is committed under an operating lease for the rental of office space and farmer's market space until August 31, 2019. Future minimum lease payments under this operating lease amount to \$20,000.

7. Budget data:

The budget data presented in these financial statements is based upon the 2018 budget approved by the Board. Amortization and acquisitions of tangible capital assets were not contemplated on development of the budget and, as such, were not provided on the statement of changes in net financial assets.

Financial Statements of

**WESTDALE BUSINESS
IMPROVEMENT AREA**

Year ended December 31, 2018



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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

Opinion

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

- the statement of financial position as at December 31, 2018,
- the statement of operations for the year then ended,
- the statement of changes in net financial assets for the year then ended,
- the statement of cash flows for the year then ended,
- and notes, including a summary of significant accounting policies and other explanatory information.

(Hereinafter referred to as the "financial statements")

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at December 31, 2018, and its results of operations, its changes in net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "Auditors' Responsibilities for the Audit of the Financial Statements" section of our auditors' report.

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

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



Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

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

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.



- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusion is based on the audit evidence obtained up to the date of our auditors report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

Hamilton, Canada
October 21, 2019

WESTDALE BUSINESS IMPROVEMENT AREA

Financial Statements

Year ended December 31, 2018

Financial Statements

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WESTDALE BUSINESS IMPROVEMENT AREA

Statement of Financial Position

December 31, 2018, with comparative information for 2017

	2018	2017
Financial assets		
Cash	\$ 73,864	\$ 81,511
Accounts receivable	6,246	-
HST receivable	6,774	10,724
Due from City of Hamilton (note 4)	25	1,673
	<u>86,909</u>	<u>93,908</u>
Financial liabilities		
Accounts payable and accrued liabilities	10,666	35,002
Net financial assets	<u>76,243</u>	<u>58,906</u>
Non-financial assets		
Tangible capital assets (note 2)	12,000	2,633
Prepaid expenses	2,437	5,589
	<u>14,437</u>	<u>8,222</u>
Accumulated surplus (note 3)	<u>\$ 90,680</u>	<u>\$ 67,128</u>

See accompanying notes to financial statements.

On behalf of the Board:

_____ Director

_____ Director

WESTDALE BUSINESS IMPROVEMENT AREA

Statement of Operations

Year ended December 31, 2018, with comparative information for 2017

	Budget (note 5)	2018	2017
Revenue:			
Assessment levy (note 4)	\$ 125,000	\$ 124,702	\$ 125,823
City of Hamilton grants (note 4)	-	34,047	32,848
Federal grant	-	4,746	-
Other income	-	2,050	3,926
	125,000	165,545	162,597
Expenses:			
Advertising	28,000	25,967	33,907
Amortization	-	2,788	758
Audit and legal fees	-	2,325	1,327
Bank charges	-	230	186
Beautification	18,000	47,378	33,097
Consulting	-	25,175	4,800
Festival	30,000	19,494	42,032
Insurance	-	4,199	4,954
Office and general expense	14,000	5,885	5,068
Rent	-	5,300	12,315
Wages	35,000	3,252	1,359
	125,000	141,993	139,803
Annual surplus	-	23,552	22,794
Accumulated surplus, beginning of year	67,128	67,128	44,334
Accumulated surplus, end of year	\$ 67,128	\$ 90,680	\$ 67,128

See accompanying notes to financial statements.

WESTDALE BUSINESS IMPROVEMENT AREA

Statement of Changes in Net Financial Assets

Year ended December 31, 2018, with comparative information for 2017

	2018	2017
Annual surplus	\$ 23,552	\$ 22,794
Amortization of tangible capital assets	2,788	758
Acquisition of tangible capital assets	(12,155)	(896)
Decrease (increase) in prepaid expenses	3,152	(3,240)
Change in net financial assets	17,337	19,416
Net financial assets, beginning of year	58,906	39,490
Net financial assets, end of year	\$ 76,243	\$ 58,906

See accompanying notes to financial statements.

WESTDALE BUSINESS IMPROVEMENT AREA

Statement of Cash Flows

Year ended December 31, 2018, with comparative information for 2017

	2018	2017
Cash provided by (used in):		
Operating activities:		
Annual surplus	\$ 23,552	\$ 22,794
Items not involving cash:		
Amortization	2,788	758
Change in non-cash assets and liabilities:		
Accounts receivable	(6,246)	-
HST receivable	3,950	1,450
Accounts payable and accrued liabilities	(24,336)	27,263
Prepaid expenses	3,152	(3,240)
Cash from operating activities	2,860	49,025
Investing activities:		
Acquisition of tangible capital assets	(12,155)	(896)
Financing activities:		
Change in due from City of Hamilton	1,648	28,919
Net (decrease) increase in cash	(7,647)	77,048
Cash, beginning of year	81,511	4,463
Cash, end of year	\$ 73,864	\$ 81,511

See accompanying notes to financial statements.

WESTDALE BUSINESS IMPROVEMENT AREA

Notes to Financial Statements

Year ended December 31, 2018

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.

1. Significant accounting policies:

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

(a) Basis of accounting:

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

(b) Government transfers:

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

(c) Other income:

Other income is recognized as revenue in the period earned.

WESTDALE BUSINESS IMPROVEMENT AREA

Notes to Financial Statements (continued)

Year ended December 31, 2018

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
Decorations	5

(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, 2018

2. Tangible capital assets:

Cost	Balance at December 31, 2017	Additions	Disposals	Balance at December 31, 2018
Furniture and equipment	\$ 8,025	\$ 8,664	\$ -	\$ 16,689
Computer hardware	1,337	-	-	1,337
Decorations	46,972	3,491	-	50,463
Total	\$ 56,334	\$ 12,155	\$ -	\$ 68,489

Accumulated amortization	Balance at December 31, 2017	Disposals	Amortization expense	Balance at December 31, 2018
Furniture and equipment	\$ 5,392	\$ -	\$ 1,624	\$ 7,016
Computer hardware	1,337	-	-	1,337
Decorations	46,972	-	1,164	48,136
Total	\$ 53,701	\$ -	\$ 2,788	\$ 56,489

Net book value	December 31, 2017	December 31, 2018
Furniture and equipment	\$ 2,633	\$ 9,673
Decorations	-	2,327
Total	\$ 2,633	\$ 12,000

WESTDALE BUSINESS IMPROVEMENT AREA

Notes to Financial Statements (continued)

Year ended December 31, 2018

2. Tangible capital assets (continued):

(a) Contributed tangible capital assets:

The Business Improvement Area received no contributed tangible capital assets in 2018 or 2017.

(b) Tangible capital assets disclosed at nominal values:

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

(c) Write-down of tangible capital assets:

The Business Improvement Area has not written down any tangible capital assets during the year or 2017.

3. Accumulated surplus:

Accumulated surplus consists of the following:

	2018	2017
Surplus:		
Invested in tangible capital assets	\$ 12,000	\$ 2,633
Operating	78,680	64,495
Accumulated surplus	\$ 90,680	\$ 67,128

4. Related party transactions:

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

	2018	2017
Revenue:		
Member levy collected on behalf of the Business Improvement Area	\$ 124,702	\$ 125,823

WESTDALE BUSINESS IMPROVEMENT AREA

Notes to Financial Statements (continued)

Year ended December 31, 2018

4. Related party transactions (continued):

The City of Hamilton has also contributed \$12,742 (2017 - \$13,583) to commercial improvement programs undertaken by the Business Improvement Area, \$19,113 (2017 - \$9,174) to a parking revenue sharing program and \$2,192 (2017 - \$10,091) in other grants. At the end of the year, the Business Improvement Area had a receivable of \$1,192 (2017 - \$2,123) from the City of Hamilton for outstanding grants and member levy surplus. The Business Improvement Area had a payable of \$1,167 (2017 - \$450) to the City of Hamilton for the member levy deficit in the year and audit fee expenses.

5. Budget data:

The budget data presented in these financial statements is based upon the 2018 budget approved by the Board on November 22, 2017. Amortization and acquisitions of tangible capital assets were not contemplated on development of the budget and, as such, were not provided on the statement of changes in net financial assets.

6. Comparative information:

Certain comparative information has been reclassified to conform with the financial statement presentation adopted in the current year.