

Financial Statements of

ANCASTER BUSINESS IMPROVEMENT AREA

And Independent Auditors' Report thereon

Year ended December 31, 2019



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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, 2019,
- 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, 2019, and its results of operations, its changes in net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

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

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

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



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

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

We also:

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



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

A handwritten signature in black ink that reads "KPMG LLP". The signature is written in a cursive, stylized font. Below the signature is a single, long, horizontal, slightly wavy line that serves as a flourish or underline.

Chartered Professional Accountants, Licensed Public Accountants

Hamilton, Canada

June 23, 2020

ANCASTER BUSINESS IMPROVEMENT AREA

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Year ended December 31, 2019

Financial Statements

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ANCASTER BUSINESS IMPROVEMENT AREA

Statement of Financial Position

December 31, 2019, with comparative information for 2018

| | 2019 | 2018 |
|--|------------|-----------|
| Financial assets | | |
| Cash | \$ 103,617 | \$ 81,429 |
| HST receivable | 7,712 | 3,484 |
| Due from City of Hamilton (note 2) | 4,334 | 11,763 |
| | 115,663 | 96,676 |
| Financial liabilities | | |
| Accounts payable and accrued liabilities | 9,287 | 6,273 |
| Net financial assets | 106,376 | 90,403 |
| Non-financial assets | | |
| Tangible capital assets (note 3) | 2,834 | 3,803 |
| Prepaid expenses | 1,821 | 1,101 |
| | 4,655 | 4,904 |
| Commitment (note 7) | | |
| Subsequent event (note 8) | | |
| Accumulated surplus (note 4) | \$ 111,031 | \$ 95,307 |

See accompanying notes to financial statements.

On behalf of the Board:

Director

Director

ANCASTER BUSINESS IMPROVEMENT AREA

Statement of Operations

Year ended December 31, 2019, with comparative information for 2018

| | Budget (note 5) | 2019 | 2018 |
|--|--------------------|------------|-----------|
| Revenues: | | | |
| Assessment levy (note 2) | \$ 93,300 | \$ 97,062 | \$ 93,300 |
| City of Hamilton grants (note 2) | - | 24,284 | 13,114 |
| Government of Canada grants (note 6) | - | 10,080 | 10,075 |
| Farmer's Market income (note 2) | - | 33,009 | 32,300 |
| Other income | - | 10 | 15 |
| Total revenues | 93,300 | 164,445 | 148,804 |
| Expenses: | | | |
| Advertising and promotion | 40,000 | 26,124 | 28,652 |
| Amortization | - | 969 | 5,468 |
| Ancaster Farmer's Market | - | 24,547 | 29,471 |
| Bank charges and interest | - | 625 | 610 |
| Beautification | 9,000 | 35,053 | 26,481 |
| Business taxes | - | 366 | 806 |
| Donations | - | 5,000 | 5,000 |
| Insurance | - | 2,217 | 2,043 |
| Office expenses | - | - | 293 |
| Professional fees | - | 435 | 420 |
| Salaries | 40,000 | 53,385 | 54,211 |
| Miscellaneous | 4,300 | - | 431 |
| Total expenses | 93,300 | 148,721 | 153,886 |
| Annual surplus (deficit) | - | 15,724 | (5,082) |
| Accumulated surplus, beginning of year | 95,307 | 95,307 | 100,389 |
| Accumulated surplus, end of year | \$ 95,307 | \$ 111,031 | \$ 95,307 |

See accompanying notes to financial statements.

ANCASTER BUSINESS IMPROVEMENT AREA

Statement of Changes in Net Financial Assets

Year ended December 31, 2019, with comparative information for 2018

| | 2019 | 2018 |
|---|------------|------------|
| Annual surplus (deficit) | \$ 15,724 | \$ (5,082) |
| Amortization of tangible capital assets | 969 | 5,468 |
| Increase in prepaid expenses | (720) | (17) |
| Change in net financial assets | 15,973 | 369 |
| Net financial assets, beginning of year | 90,403 | 90,034 |
| Net financial assets, end of year | \$ 106,376 | \$ 90,403 |

See accompanying notes to financial statements.

ANCASTER BUSINESS IMPROVEMENT AREA

Statement of Cash Flows

Year ended December 31, 2019, with comparative information for 2018

| | 2019 | 2018 |
|--|------------|------------|
| Cash provided by (used in): | | |
| Operating activities: | | |
| Annual surplus (deficit) | \$ 15,724 | \$ (5,082) |
| Items not involving cash: | | |
| Amortization | 969 | 5,468 |
| Changes in non-cash operating working capital: | | |
| Accounts receivable | - | 750 |
| Prepaid expenses | (720) | (17) |
| HST receivable | (4,228) | 685 |
| Deferred revenue | - | (46,650) |
| Accounts payable and accrued liabilities | 3,014 | 4,150 |
| Net change in cash from operating activities | 14,759 | (40,696) |
| Financing activities: | | |
| Change in due from City of Hamilton | 7,429 | (11,332) |
| Increase (decrease) in cash | 22,188 | (52,028) |
| Cash, beginning of year | 81,429 | 133,457 |
| Cash, end of year | \$ 103,617 | \$ 81,429 |

See accompanying notes to financial statements.

ANCASTER BUSINESS IMPROVEMENT AREA

Notes to Financial Statements

Year ended December 31, 2019

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, 2019

1. Significant accounting policies (continued):

(e) Non-financial assets:

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

(i) Tangible capital assets:

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

| Asset | Useful life - years |
|-------------|---------------------|
| Decorations | 5 |
| Computers | 5 |
| Furniture | 10 |

(f) Use of estimates:

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

2. Related party transactions:

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

| | 2019 | 2018 |
|--|-----------|-----------|
| Revenue: | | |
| Member levy collected on behalf of the Business Improvement Area | \$ 97,062 | \$ 93,300 |

ANCASTER BUSINESS IMPROVEMENT AREA

Notes to Financial Statements (continued)

Year ended December 31, 2019

2. Related party transactions (continued):

The City of Hamilton has also contributed \$5,779 (2018 - \$5,909) to commercial improvement programs undertaken by the Business Improvement Area, \$5,939 (2018 - \$6,012) from parking revenue sharing program, and \$12,566 (2018 - \$1,193) in other miscellaneous grants. An additional grant received of \$3,000 (2018 - \$3,000) for the Farmer's Market has been recorded as part of Farmer's Market income.

At the end of the year, grants and supplemental member levies of \$4,761 (2018 - \$12,683) was receivable from the City of Hamilton. The amount recorded in due from the City of Hamilton also includes a payable to the City of Hamilton of \$427 (2018 - \$920) for expenses paid by the City of Hamilton on behalf of the Business Improvement Area.

3. Tangible capital assets:

| Cost | Balance at December 31, 2018 | Additions | Disposals | Balance at December 31, 2019 |
|--------------|------------------------------------|-------------|-------------|------------------------------------|
| Decorations | \$ 34,940 | \$ - | \$ - | \$ 34,940 |
| Computers | 2,068 | - | - | 2,068 |
| Furniture | 7,945 | - | - | 7,945 |
| Total | \$ 44,953 | \$ - | \$ - | \$ 44,953 |

| Accumulated amortization | Balance at December 31, 2018 | Disposals | Amortization expense | Balance at December 31, 2019 |
|--------------------------|------------------------------------|-------------|-------------------------|------------------------------------|
| Decorations | \$ 34,940 | \$ - | \$ - | \$ 34,940 |
| Computers | 1,895 | - | 173 | 2,068 |
| Furniture | 4,315 | - | 796 | 5,111 |
| Total | \$ 41,150 | \$ - | \$ 969 | \$ 42,119 |

| Net book value | December 31, 2018 | December 31, 2019 |
|----------------|----------------------|----------------------|
| Decorations | \$ - | \$ - |
| Computers | 173 | - |
| Furniture | 3,630 | 2,834 |
| Total | \$ 3,803 | \$ 2,834 |

ANCASTER BUSINESS IMPROVEMENT AREA

Notes to Financial Statements (continued)

Year ended December 31, 2019

3. Tangible capital assets (continued):

(a) Contributed tangible capital assets:

The Business Improvement Area received \$nil (2018 - \$nil) in contributed tangible capital assets.

(b) Tangible capital assets disclosed at nominal values:

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

(c) Write-down of tangible capital assets:

The Business Improvement Area has not written down any tangible capital assets during the year (2018 - \$3,860).

4. Accumulated surplus:

Accumulated surplus consists of the following:

| | 2019 | 2018 |
|-------------------------------------|-------------------|------------------|
| Surplus: | | |
| Invested in tangible capital assets | \$ 2,834 | \$ 3,803 |
| Operating | 108,197 | 91,504 |
| | \$ 111,031 | \$ 95,307 |

5. Budget data:

The budget data presented in these financial statements is based upon the 2019 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.

6. Government of Canada grants:

Included in Government of Canada grants are \$10,080 (2018 - \$10,075) provided under the Canada summer student jobs grant.

7. Lease commitment:

The Business Improvement Area is committed to future minimum annual lease payments in the amount of \$6,000 under an operating lease for its Farmer's Market.

ANCASTER BUSINESS IMPROVEMENT AREA

Notes to Financial Statements (continued)

Year ended December 31, 2019

8. Subsequent event:

Subsequent to December 31, 2019, the COVID-19 outbreak was declared a pandemic by the World Health Organization. This has resulted in governments worldwide, including the Canadian and Ontario governments, enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses globally and in Ontario resulting in an economic slowdown. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions however the success of these interventions is not currently determinable. The current challenging economic climate may lead to adverse changes in cash flows, working capital levels and/or debt balances, which may also have a direct impact on the Business Improvement Area's operating results and financial position in the future. The situation is dynamic and the ultimate duration and magnitude of the impact on the economy and our business are not known at this time.

Financial Statements of

**BARTON VILLAGE
BUSINESS IMPROVEMENT
AREA**

Year ended December 31, 2019



KPMG LLP
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INDEPENDENT AUDITORS' REPORT

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

Opinion

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

- the statement of financial position as at December 31, 2019,
- 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, 2019, 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.

A handwritten signature in black ink that reads "KPMG LLP". The signature is written in a cursive, stylized font. Below the signature is a long, horizontal, slightly wavy line that serves as a flourish or underline.

Chartered Professional Accountants, Licensed Public Accountants

Hamilton, Canada

November 5, 2020

BARTON VILLAGE BUSINESS IMPROVEMENT AREA

Financial Statements

Year ended December 31, 2019

Financial Statements

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BARTON VILLAGE BUSINESS IMPROVEMENT AREA

Statement of Financial Position

December 31, 2019, with comparative information for 2018

| | 2019 | 2018 |
|--|-----------|-----------|
| Financial assets | | |
| Cash | \$ 49,496 | \$ 43,464 |
| Accounts receivable | 2,831 | 105 |
| HST receivable | 5,107 | 7,813 |
| Due from City of Hamilton (note 3) | 12,311 | 8,725 |
| | 69,745 | 60,107 |
| Financial liabilities | | |
| Accounts payable and accrued liabilities | 3,252 | 6,490 |
| Net financial assets | 66,493 | 53,617 |
| Non-financial assets | | |
| Tangible capital assets (note 2) | 19,432 | 19,283 |
| Prepaid expenses | 216 | 216 |
| | 19,648 | 19,499 |
| Commitments (note 5) | | |
| Subsequent event (note 8) | | |
| Accumulated surplus (note 4) | \$ 86,141 | \$ 73,116 |

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, 2019, with comparative information for 2018

| | Budget (note 6) | 2019 | 2018 |
|--|--------------------|-----------|-----------|
| Revenue: | | | |
| Assessment levy (note 3) | \$ 65,586 | \$ 65,687 | \$ 55,885 |
| City of Hamilton grants (note 3) | 53,570 | 46,893 | 18,746 |
| Festival income | 4,500 | 14,799 | 20,959 |
| Federal grant – Canada summer jobs | - | 19,950 | 17,121 |
| Total revenue | 123,656 | 147,329 | 112,711 |
| Expenses: | | | |
| Advertising and promotion | 5,056 | 8,088 | 1,694 |
| Amortization | - | 6,445 | 5,415 |
| Bank charges | 120 | 551 | 520 |
| Commercial improvement | 10,700 | 6,340 | 8,229 |
| Event equipment and supplies | 1,000 | 513 | 601 |
| Insurance | 2,500 | 2,409 | 3,011 |
| Meetings and business development | 2,800 | 3,231 | 2,057 |
| Office expenses | 8,880 | 5,773 | 8,249 |
| Professional fees | 1,700 | 475 | 2,420 |
| Rent | 12,200 | 8,650 | 7,578 |
| Salaries – administrative | 47,700 | 67,119 | 39,637 |
| Festival expenses | 31,000 | 24,710 | 22,645 |
| Total expenses | 123,656 | 134,304 | 102,056 |
| Annual surplus | - | 13,025 | 10,655 |
| Accumulated surplus, beginning of year | 73,116 | 73,116 | 62,461 |
| Accumulated surplus, end of year | \$ 73,116 | \$ 86,141 | \$ 73,116 |

See accompanying notes to financial statements.

BARTON VILLAGE BUSINESS IMPROVEMENT AREA

Statement of Changes in Net Financial Assets

Year ended December 31, 2019, with comparative information for 2018

| | 2019 | 2018 |
|---|-----------|-----------|
| Annual surplus | \$ 13,025 | \$ 10,655 |
| Acquisition of tangible capital assets | (6,594) | (6,750) |
| Amortization of tangible capital assets | 6,445 | 5,415 |
| Change in net financial assets | 12,876 | 9,320 |
| Net financial assets, beginning of year | 53,617 | 44,297 |
| Net financial assets, end of year | \$ 66,493 | \$ 53,617 |

See accompanying notes to financial statements.

BARTON VILLAGE BUSINESS IMPROVEMENT AREA

Statement of Cash Flows

Year ended December 31, 2019, with comparative information for 2018

| | 2019 | 2018 |
|--|-----------|-----------|
| Cash provided by (used in): | | |
| Operating activities: | | |
| Annual surplus | \$ 13,025 | \$ 10,655 |
| Items not involving cash: | | |
| Amortization | 6,445 | 5,415 |
| Changes in non-cash assets and liabilities: | | |
| Accounts payable and accrued liabilities | (3,238) | 6,372 |
| HST receivable | 2,706 | (4,785) |
| Accounts receivable | (2,726) | - |
| Deferred revenue | - | (32,150) |
| Net change in cash from operating activities | 16,212 | (14,493) |
| Capital activities: | | |
| Cash used to acquire tangible capital assets | (6,594) | (6,750) |
| Financing activities: | | |
| Change in due from City of Hamilton | (3,586) | (4,393) |
| Net increase (decrease) in cash | 6,032 | (25,636) |
| Cash, beginning of year | 43,464 | 69,100 |
| Cash, end of year | \$ 49,496 | \$ 43,464 |

See accompanying notes to financial statements.

BARTON VILLAGE BUSINESS IMPROVEMENT AREA

Notes to Financial Statements

Year ended December 31, 2019

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

1. Significant accounting policies:

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

(a) Basis of accounting:

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

(b) Cash and cash equivalents:

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

(c) Government transfers:

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

(d) Other income:

Other income is reported as revenue in the period earned.

BARTON VILLAGE BUSINESS IMPROVEMENT AREA

Notes to Financial Statements (continued)

Year ended December 31, 2019

1. Significant accounting policies (continued):

(e) Non-financial assets:

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

(i) Tangible capital assets:

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

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

(f) Use of estimates:

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

(g) Related party transactions:

Transactions with related parties are measured at the carrying amount.

BARTON VILLAGE BUSINESS IMPROVEMENT AREA

Notes to Financial Statements (continued)

Year ended December 31, 2019

2. Tangible capital assets:

| Cost | Balance at December 31, 2018 | Additions | Disposals | Balance at December 31, 2019 |
|-------------------------|------------------------------------|-----------------|-------------|------------------------------------|
| Computer hardware | \$ 4,156 | \$ - | \$ - | \$ 4,156 |
| Decorations | 39,729 | 6,594 | - | 46,323 |
| Furniture and equipment | 15,886 | - | - | 15,886 |
| Total | \$ 59,771 | \$ 6,594 | \$ - | \$ 66,365 |

| Accumulated amortization | Balance at December 31, 2018 | Disposals | Amortization expense | Balance at December 31, 2019 |
|-----------------------------|------------------------------------|-------------|-------------------------|------------------------------------|
| Computer hardware | \$ 2,128 | \$ - | \$ 527 | \$ 2,655 |
| Decorations | 30,031 | - | 4,571 | 34,602 |
| Furniture and equipment | 8,329 | - | 1,347 | 9,676 |
| Total | \$ 40,488 | \$ - | \$ 6,445 | \$ 46,933 |

| | Net book value December 31, 2018 | Net book value December 31, 2019 |
|-------------------------|--|--|
| Computer hardware | \$ 2,028 | \$ 1,501 |
| Decorations | 9,698 | 11,721 |
| Furniture and equipment | 7,557 | 6,210 |
| Total | \$ 19,283 | \$ 19,432 |

(a) Contributed tangible capital assets:

The Business Improvement Area received no contributed tangible capital assets in 2019 or 2018.

(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.

BARTON VILLAGE BUSINESS IMPROVEMENT AREA

Notes to Financial Statements (continued)

Year ended December 31, 2019

3. Related party transactions:

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

Revenue:

| | 2019 | 2018 |
|--|-----------|-----------|
| Member levy collected on behalf of the Business Improvement Area | \$ 65,687 | \$ 55,885 |

The City of Hamilton has also contributed \$6,233 (2018 - \$6,370) to commercial improvement programs undertaken by the Business Improvement Area, \$11,437 (2018 - \$11,184) from parking sharing revenue program, \$1,200 (2018 - \$1,192) for the annual Christmas grant and \$28,023 (2018 - \$nil) in other grants.

At the end of the year, the Business Improvement Area had a receivable from the City of Hamilton of \$12,311 (2018 - \$8,725) which includes \$12,637 (2018 - \$18,746) in outstanding grants, \$101 (2018 - \$nil) of member levy surplus net of the annual audit accrual of \$427 (2018 - \$420). In the prior year the receivable was also offset by excess cash received for the member levy collected by the City of \$8,453 and other expenses in the amount of \$1,148.

4. Accumulated surplus:

Accumulated surplus consists of the following:

| | 2019 | 2018 |
|-------------------------------------|-----------|-----------|
| Surplus: | | |
| Invested in tangible capital assets | \$ 19,432 | \$ 19,283 |
| Operating | 66,709 | 53,833 |
| Accumulated surplus | \$ 86,141 | \$ 73,116 |

BARTON VILLAGE BUSINESS IMPROVEMENT AREA

Notes to Financial Statements (continued)

Year ended December 31, 2019

5. Commitments:

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

| | | |
|------|----|--------|
| 2020 | \$ | 14,238 |
| 2021 | | 23,052 |
| 2022 | | 12,204 |
| | \$ | 49,494 |

6. Budget data:

The budget data presented in these financial statements is based upon the 2019 budget approved by the Board on September 17th, 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.

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.

8. Subsequent event:

Subsequent to December 31, 2019 the COVID-19 outbreak was declared a pandemic by the World Health Organization. This has resulted in governments worldwide, including the Canadian and Ontario governments, enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses globally and in Ontario resulting in an economic slowdown. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions however the success of these interventions is not currently determinable. The current challenging economic climate may lead to adverse changes in cash flows, working capital levels and/or debt balances, which may also have a direct impact on the Business Improvement Area's operating results and financial position in the future. The situation is dynamic and the ultimate duration and magnitude of the impact on the economy and our business are not known at this time.

Financial Statements of

**CONCESSION STREET
BUSINESS IMPROVEMENT AREA**

And Independent Auditors' Report thereon

Year ended December 31, 2019



KPMG LLP
Commerce Place
21 King Street West Suite 700
Hamilton, ON L8P 4W7
Canada
Tel 905 523-8200
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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, 2019,
- 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, 2019, and its results of operations, its changes in net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

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

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

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



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

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

We also:

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

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

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



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

A handwritten signature in black ink that reads "KPMG LLP". The signature is written in a cursive, stylized font. Below the signature is a single horizontal line that starts under the "K" and ends under the "P", with a small upward tick at the right end.

Chartered Professional Accountants, Licensed Public Accountants

Hamilton, Canada

October 19, 2020

CONCESSION STREET BUSINESS IMPROVEMENT AREA

Financial Statements

Year ended December 31, 2019

Financial Statements

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CONCESSION STREET BUSINESS IMPROVEMENT AREA

Statement of Financial Position

December 31, 2019, with comparative information for 2018

| | 2019 | 2018 |
|--|------------|------------|
| Financial assets | | |
| Cash | \$ 118,574 | \$ 84,690 |
| Due from City of Hamilton (note 4) | 934 | 4,868 |
| HST receivable | 7,733 | 6,767 |
| | 127,241 | 96,325 |
| Financial liabilities | | |
| Accounts payable and accrued liabilities | 3,245 | 3,382 |
| Net financial assets | 123,996 | 92,943 |
| Non-financial assets | | |
| Tangible capital assets (note 2) | 3,536 | 12,101 |
| Prepaid expenses | 1,077 | 1,030 |
| | 4,613 | 13,131 |
| Commitment (note 6) | | |
| Subsequent event (note 8) | | |
| Accumulated surplus (note 3) | \$ 128,609 | \$ 106,074 |

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, 2019, with comparative information for 2018

| | Budget (note 5) | 2019 | 2018 |
|---|--------------------|------------|------------|
| Revenue: | | | |
| Assessment levy (note 4) | \$ 115,499 | \$ 115,033 | \$ 110,612 |
| City of Hamilton grants (note 4) | - | 57,884 | 37,424 |
| Provincial grant - Canada 150 | - | - | 750 |
| Other income | - | 21,938 | 27,117 |
| Total revenue | 115,499 | 194,855 | 175,903 |
| Expenses: | | | |
| Advertising and promotion | 17,500 | 17,424 | 9,625 |
| Amortization | - | 11,015 | 12,228 |
| Contract services | - | - | 5,120 |
| Donations | - | 2,500 | - |
| Festivals | 20,000 | 56,779 | 50,910 |
| General beautification and improvements | 17,106 | 11,722 | 20,500 |
| Insurance | 4,900 | 4,780 | 4,695 |
| Interest and bank charges | - | 201 | 160 |
| Meals and entertainment | - | 151 | 207 |
| Miscellaneous | - | 401 | 270 |
| Office and general | 3,300 | 4,838 | 2,796 |
| Professional fees | 1,800 | 949 | 1,577 |
| Rent | 7,413 | 6,053 | 6,804 |
| Repairs and maintenance | - | 325 | 161 |
| Revitalization | - | 9,065 | - |
| Salaries and wages | 42,380 | 42,428 | 41,528 |
| Tickets | - | 2,827 | - |
| Utilities | 1,100 | 862 | 1,086 |
| Total expenses | 115,499 | 172,320 | 157,667 |
| Annual surplus | - | 22,535 | 18,236 |
| Accumulated surplus, beginning of year | 106,074 | 106,074 | 87,838 |
| Accumulated surplus, end of year | \$ 106,074 | \$ 128,609 | \$ 106,074 |

See accompanying notes to financial statements.

CONCESSION STREET BUSINESS IMPROVEMENT AREA

Statement of Changes in Net Financial Assets

Year ended December 31, 2019, with comparative information for 2018

| | 2019 | 2018 |
|---|------------|-----------|
| Annual surplus | \$ 22,535 | \$ 18,236 |
| Acquisition of tangible capital assets | (2,450) | (4,829) |
| Amortization of tangible capital assets | 11,015 | 12,228 |
| Increase in prepaid expenses | (47) | (170) |
| Change in net financial assets | 31,053 | 25,465 |
| Net financial assets, beginning of year | 92,943 | 67,478 |
| Net financial assets, end of year | \$ 123,996 | \$ 92,943 |

See accompanying notes to financial statements.

CONCESSION STREET BUSINESS IMPROVEMENT AREA

Statement of Cash Flows

Year ended December 31, 2019, with comparative information for 2018

| | 2019 | 2018 |
|--|------------|-----------|
| Cash provided by (used in): | | |
| Operating activities: | | |
| Annual surplus | \$ 22,535 | \$ 18,236 |
| Items not involving cash: | | |
| Amortization | 11,015 | 12,228 |
| Changes in non-cash assets and liabilities: | | |
| HST receivable | (966) | (2,004) |
| Accounts payable and accrued liabilities | (137) | 1,599 |
| Deferred revenue | - | (57,750) |
| Prepaid expenses | (47) | (170) |
| Net change in cash from operating activities | 32,400 | (27,861) |
| Capital activities: | | |
| Cash used to acquire tangible capital assets | (2,450) | (4,829) |
| Financing activities: | | |
| Change in due from City of Hamilton | 3,934 | (5,061) |
| Net increase (decrease) in cash | 33,884 | (37,751) |
| Cash, beginning of year | 84,690 | 122,441 |
| Cash, end of year | \$ 118,574 | \$ 84,690 |

See accompanying notes to financial statements.

CONCESSION STREET BUSINESS IMPROVEMENT AREA

Notes to Financial Statements

Year ended December 31, 2019

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

1. Significant accounting policies:

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

(a) Basis of accounting:

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

(b) Cash and cash equivalents:

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

(c) Government transfers:

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

CONCESSION STREET BUSINESS IMPROVEMENT AREA

Notes to Financial Statements (continued)

Year ended December 31, 2019

1. Significant accounting policies (continued):

(d) Other income:

Other income is reported as revenue in the period earned.

(e) Non-financial assets:

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

(i) Tangible capital assets:

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

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

(f) Use of estimates:

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

(g) Related party transactions:

Transactions with related parties are measured at the carrying amount.

CONCESSION STREET BUSINESS IMPROVEMENT AREA

Notes to Financial Statements (continued)

Year ended December 31, 2019

2. Tangible capital assets:

| Cost | Balance at December 31, 2018 | Additions | Disposals | Balance at December 31, 2019 |
|-------------------------|------------------------------------|-----------------|-------------|------------------------------------|
| Computer hardware | \$ 1,470 | \$ - | \$ - | \$ 1,470 |
| Decorations | 57,619 | - | - | 57,619 |
| Furniture and equipment | 8,930 | - | - | 8,930 |
| Revitalization | - | 2,450 | - | 2,450 |
| Total | \$ 68,019 | \$ 2,450 | \$ - | \$ 70,469 |

| Accumulated amortization | Balance at December 31, 2018 | Disposals | Amortization expense | Balance at December 31, 2019 |
|--------------------------|------------------------------------|-------------|-------------------------|------------------------------------|
| Computer hardware | \$ 1,081 | \$ - | \$ 294 | \$ 1,375 |
| Decorations | 48,036 | - | 9,583 | 57,619 |
| Furniture and equipment | 6,801 | - | 893 | 7,694 |
| Revitalization | - | - | 245 | 245 |
| Total | \$ 55,918 | \$ - | \$ 11,015 | \$ 66,933 |

| Net book value | December 31, 2018 | December 31, 2019 |
|-------------------------|----------------------|----------------------|
| Computer hardware | \$ 389 | \$ 95 |
| Decorations | 9,583 | - |
| Furniture and equipment | 2,129 | 1,236 |
| Revitalization | - | 2,205 |
| Total | \$ 12,101 | \$ 3,536 |

CONCESSION STREET BUSINESS IMPROVEMENT AREA

Notes to Financial Statements (continued)

Year ended December 31, 2019

2. Tangible capital assets (continued):

(a) Contributed tangible capital assets:

The Business Improvement Area received no contributed tangible capital assets in 2019 or 2018.

(b) Tangible capital assets disclosed at nominal values:

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

(c) Write-down of tangible capital assets:

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

3. Accumulated surplus:

Accumulated surplus consists of the following:

| | 2019 | 2018 |
|-------------------------------------|------------|------------|
| Surplus: | | |
| Invested in tangible capital assets | \$ 3,536 | \$ 12,101 |
| Operating | 125,073 | 93,973 |
| Accumulated surplus | \$ 128,609 | \$ 106,074 |

4. Related party transactions:

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

Revenue:

| | 2019 | 2018 |
|--|------------|------------|
| Member levy collected on behalf of the Business Improvement Area | \$ 115,033 | \$ 110,612 |

The City of Hamilton has also contributed \$7,942 (2018 - \$8,172) to commercial improvement programs undertaken by the Business Improvement Area, \$16,099 (2018 - \$13,726) from parking revenue sharing program, \$1,200 (2018 - \$1,078) for the annual Christmas grant and \$32,643 (2018 - \$14,448) in other grants. At the end of the year, grants of \$1,400 (2018 - \$9,249) was owing from the City of Hamilton net of \$466 (2018 - \$3,961) owing for the cash received in excess of member levy collected by the City and \$nil (2018 - \$420) owing for annual audit expenses.

CONCESSION STREET BUSINESS IMPROVEMENT AREA

Notes to Financial Statements (continued)

Year ended December 31, 2019

5. Budget data:

The budget data presented in these financial statements is based upon the 2019 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 \$196,784, of which \$81,285 was budgeted reserve transfers and therefore not presented on the statement of operations. Budgeted expenditures for items determined to be capital in nature were excluded from presentation in the statement of operations.

6. Lease commitment:

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

| | | |
|------|----|--------|
| 2020 | \$ | 6,724 |
| 2021 | | 6,892 |
| 2022 | | 7,060 |
| 2023 | | 2,372 |
| | \$ | 23,048 |

7. Comparative information:

Certain 2018 comparative figures have been reclassified to conform to the financial statement presentation adopted for the current year.

8. Subsequent event:

Subsequent to December 31, 2019, the COVID-19 outbreak was declared a pandemic by the World Health Organization. This has resulted in governments worldwide, including the Canadian and Ontario governments, enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses globally and in Ontario resulting in an economic slowdown. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions however the success of these interventions is not currently determinable. The current challenging economic climate may lead to adverse changes in cash flows, working capital levels and/or debt balances, which may also have a direct impact on the Business Improvement Area's operating results and financial position in the future. The situation is dynamic and the ultimate duration and magnitude of the impact on the economy and our business are not known at this time.

Financial Statements of

**DOWNTOWN HAMILTON
BUSINESS IMPROVEMENT AREA**

Year ended December 31, 2019



KPMG LLP
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INDEPENDENT AUDITORS' REPORT

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

Opinion

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

- the statement of financial position as at December 31, 2019,
- 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, 2019, and its results of operations, its changes in net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

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

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

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



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

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

We also:

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

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

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



Page 3

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

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

Hamilton, Canada

June 9, 2020

DOWNTOWN HAMILTON BUSINESS IMPROVEMENT AREA

Financial Statements

Year ended December 31, 2019

Financial Statements

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DOWNTOWN HAMILTON BUSINESS IMPROVEMENT AREA

Statement of Financial Position

December 31, 2019, with comparative information for 2018

| | 2019 | 2018 |
|--|----------------|----------------|
| Financial assets | | |
| Cash | \$ 23,889 | \$ 117,668 |
| HST receivable | 29,534 | 25,575 |
| Accounts receivable | 1,498 | 7,063 |
| Investments | 101,260 | - |
| | <u>156,181</u> | <u>150,306</u> |
| Financial liabilities | | |
| Accounts payable and accrued liabilities | 26,099 | 26,944 |
| Due to City of Hamilton (note 5) | 5,226 | 14,342 |
| | <u>31,325</u> | <u>41,286</u> |
| Net financial assets | 124,856 | 109,020 |
| Non-financial assets | | |
| Tangible capital assets (note 2) | 37,864 | 49,885 |
| Prepaid expenses | 5,578 | 7,342 |
| | <u>43,442</u> | <u>57,227</u> |
| Subsequent event | | |
| Accumulated surplus (note 3) | \$ 168,298 | \$ 166,247 |

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, 2019, with comparative information for 2018

| | Budget | 2019 | 2018 |
|--|------------|------------|------------|
| | (note 6) | | |
| Revenue: | | | |
| Assessment levy (note 5) | \$ 375,000 | \$ 365,835 | \$ 357,866 |
| City of Hamilton grants (note 5) | 50,000 | 76,443 | 50,996 |
| Federal grant | - | 22,530 | 13,625 |
| Interest | - | 2,077 | 46 |
| Other | - | 14,600 | 16,030 |
| | 425,000 | 481,485 | 438,563 |
| Expenses: | | | |
| Administration | 7,500 | 11,532 | 6,368 |
| Amortization | 12,000 | 21,634 | 28,119 |
| Bad debt expense | - | 1,924 | 4,930 |
| Beautification | 42,600 | 27,140 | 27,797 |
| Miscellaneous | 17,000 | - | 133 |
| Office | 55,500 | 65,743 | 62,868 |
| Professional fees | 3,400 | 4,002 | 4,050 |
| Promotions | 125,000 | 171,506 | 150,443 |
| Salaries | 162,000 | 175,953 | 153,131 |
| | 425,000 | 479,434 | 437,839 |
| Annual surplus | - | 2,051 | 724 |
| Accumulated surplus, beginning of year | 166,247 | 166,247 | 165,523 |
| Accumulated surplus, end of year | \$ 166,247 | \$ 168,298 | \$ 166,247 |

See accompanying notes to financial statements.

DOWNTOWN HAMILTON BUSINESS IMPROVEMENT AREA

Statement of Changes in Net Financial Assets

Year ended December 31, 2019, with comparative information for 2018

| | Budget (note 6) | 2019 | 2018 |
|---|--------------------|------------|------------|
| Annual surplus | \$ - | \$ 2,051 | \$ 724 |
| Acquisition of tangible capital assets | - | (9,613) | (19,701) |
| Amortization of tangible capital assets | 12,000 | 21,634 | 28,119 |
| Increase in prepaid expenses | - | 1,764 | (631) |
| Change in net financial assets | 12,000 | 15,836 | 8,511 |
| Net financial assets, beginning of year | 109,020 | 109,020 | 100,509 |
| Net financial assets, end of year | \$ 121,020 | \$ 124,856 | \$ 109,020 |

See accompanying notes to financial statements.

DOWNTOWN HAMILTON BUSINESS IMPROVEMENT AREA

Statement of Cash Flows

Year ended December 31, 2019, with comparative information for 2018

| | 2019 | 2018 |
|---|-----------|------------|
| Cash provided by (used in) | | |
| Operating activities: | | |
| Annual surplus | \$ 2,051 | \$ 724 |
| Items not involving cash: | | |
| Amortization | 21,634 | 28,119 |
| Accrued interest | (1,260) | - |
| Changes in non-cash financial assets and liabilities: | | |
| HST receivable | (3,959) | (4,643) |
| Accounts receivable | 5,565 | (2,683) |
| Prepaid expenses | 1,764 | (631) |
| Accounts payable and accrued liabilities | (845) | 10,648 |
| Net change in cash from operating activities | 24,950 | 31,534 |
| Capital activities: | | |
| Cash used to acquire tangible capital assets | (9,613) | (19,701) |
| Financing activities: | | |
| Change in due to City of Hamilton | (9,116) | (14,881) |
| Purchase of investments | (100,000) | - |
| | (109,116) | (14,881) |
| Decrease in cash | (93,779) | (3,048) |
| Cash, beginning of year | 117,668 | 120,716 |
| Cash, end of year | \$ 23,889 | \$ 117,668 |

See accompanying notes to financial statements.

DOWNTOWN HAMILTON BUSINESS IMPROVEMENT AREA

Notes to Financial Statements

Year ended December 31, 2019

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

1. Significant accounting policies:

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

(a) Basis of accounting:

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

(b) Government transfers:

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

(c) Other income:

Other income is reported as revenue in the period earned.

(d) Investments:

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

DOWNTOWN HAMILTON BUSINESS IMPROVEMENT AREA

Notes to Financial Statements (continued)

Year ended December 31, 2019

1. Significant accounting policies (continued):

(e) Non-financial assets:

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

(i) Tangible capital assets:

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

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

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

(f) Use of estimates:

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

DOWNTOWN HAMILTON BUSINESS IMPROVEMENT AREA

Notes to Financial Statements (continued)

Year ended December 31, 2019

2. Tangible capital assets:

| Cost | Balance at December 31, 2018 | Additions | Disposals | Balance at December 31, 2019 |
|-------------------------|------------------------------------|-----------------|-------------|------------------------------------|
| Computer hardware | \$ 6,029 | \$ 768 | \$ - | \$ 6,797 |
| Computer software | 206 | - | - | 206 |
| Decorations | 69,438 | 2,961 | - | 72,399 |
| Furniture and equipment | 76,716 | 5,884 | - | 82,600 |
| Total | \$ 152,389 | \$ 9,613 | \$ - | \$ 162,002 |

| Accumulated amortization | Balance at December 31, 2018 | Disposals | Amortization expense | Balance at December 31, 2019 |
|-----------------------------|------------------------------------|-------------|-------------------------|------------------------------------|
| Computer hardware | \$ 3,854 | \$ - | \$ 595 | \$ 4,449 |
| Computer software | 206 | - | - | 206 |
| Decorations | 42,195 | - | 16,297 | 58,492 |
| Furniture and equipment | 56,249 | - | 4,742 | 60,991 |
| Total | \$ 102,504 | \$ - | \$ 21,634 | \$ 124,138 |

| | Net book value December 31, 2018 | Net book value December 31, 2019 |
|-------------------------|--|--|
| Computer hardware | \$ 2,175 | \$ 2,348 |
| Computer software | - | - |
| Decorations | 27,243 | 13,907 |
| Furniture and equipment | 20,467 | 21,609 |
| Total | \$ 49,885 | \$ 37,864 |

(a) Contributed tangible capital assets:

The Business Improvement Area received no contributed tangible capital assets in 2019 or 2018.

(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, 2019

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 2018.

3. Accumulated surplus:

Accumulated surplus consists of the following:

| | 2019 | 2018 |
|-------------------------------------|-------------------|-------------------|
| Surplus: | | |
| Invested in tangible capital assets | \$ 37,864 | \$ 49,885 |
| Operating | 130,434 | 116,362 |
| | <u>\$ 168,298</u> | <u>\$ 166,247</u> |

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:

| | |
|------|-----------|
| 2020 | \$ 18,069 |
| 2021 | 18,965 |
| 2022 | 16,427 |

DOWNTOWN HAMILTON BUSINESS IMPROVEMENT AREA

Notes to Financial Statements (continued)

Year ended December 31, 2019

5. Related party transactions:

(a) City of Hamilton:

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

| | 2019 | 2018 |
|--|------------|------------|
| Revenue: | | |
| Member levy collected on behalf of the Business Improvement Area | \$ 365,835 | \$ 357,866 |

The City of Hamilton also contributed \$5,382 (2018 - \$5,702) to commercial improvement programs undertaken by the Business Improvement Area, \$13,085 (2018 - \$13,849) from parking revenue sharing program, and \$57,976 (2018 - \$31,445) in other grants. At the end of the year, the Business Improvement Area had a payable of \$9,165 (2018 - \$16,842) for the cash received in excess of the member levy collected by the City of Hamilton and \$2,109 (2018 - \$2,092) accrued for expenses, net of \$1,200 (2018 - \$1,192) receivable for the annual Christmas grant and \$4,848 (2018 - \$3,400) 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:

| | 2019 | 2018 |
|-------------------------------------|------|----------|
| Purchase of tangible capital assets | \$ - | \$ 3,002 |
| Expenses: | | |
| Promotions | \$ - | \$ 8,883 |

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. Budget data:

The budget data presented in these financial statements is based upon the 2019 budget approved by the Board on October 9, 2018.

DOWNTOWN HAMILTON BUSINESS IMPROVEMENT AREA

Notes to Financial Statements (continued)

Year ended December 31, 2019

7. Subsequent event:

Subsequent to December 31, 2019 the COVID-19 outbreak was declared a pandemic by the World Health Organization. This has resulted in governments worldwide, including the Canadian and Ontario governments, enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses globally and in Ontario resulting in an economic slowdown. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions however the success of these interventions is not currently determinable. The current challenging economic climate may lead to adverse changes in cash flows, working capital levels and/or debt balances, which may also have a direct impact on the Business Improvement Area's operating results and financial position in the future. The situation is dynamic and the ultimate duration and magnitude of the impact on the economy and our business are not known at this time.

Financial Statements of

DUNDAS BUSINESS IMPROVEMENT AREA

Year ended December 31, 2019



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INDEPENDENT AUDITORS' REPORT

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

Opinion

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

- the statement of financial position as at December 31, 2019,
- 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, 2019, and its results of operations, its changes in net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

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

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

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



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

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

We also:

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

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

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



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

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

Hamilton, Canada

August 18, 2020

DUNDAS BUSINESS IMPROVEMENT AREA

Financial Statements

Year ended December 31, 2019

Financial Statements

| | |
|--|-------|
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| Notes to Financial Statements | 5 - 9 |

DUNDAS BUSINESS IMPROVEMENT AREA

Statement of Financial Position

December 31, 2019, with comparative information for 2018

| | 2019 | 2018 |
|--|-----------|-----------|
| Financial assets | | |
| Cash | \$ 381 | \$ 58,448 |
| Due from the City of Hamilton (note 5) | 70,487 | - |
| Accounts receivable | - | 2,970 |
| HST receivable | 17,613 | 22,654 |
| Investment | 50,000 | - |
| | 138,481 | 84,072 |
| Financial liabilities | | |
| Bank indebtedness | 27,763 | - |
| Accounts payable and accrued liabilities | 17,510 | 271 |
| Due to City of Hamilton (note 5) | - | 8,501 |
| | 45,273 | 8,772 |
| Net financial assets | 93,208 | 75,300 |
| Non-financial assets | | |
| Tangible capital assets (note 2) | - | 124 |
| Prepaid expenses | - | 1,180 |
| | - | 1,304 |
| Subsequent event (note 8) | | |
| Accumulated surplus (note 3) | \$ 93,208 | \$ 76,604 |

See accompanying notes to financial statements.

On behalf of the Board:

Director

Director

DUNDAS BUSINESS IMPROVEMENT AREA

Statement of Operations

Year ended December 31, 2019, with comparative information for 2018

| | Budget (note 6) | 2019 | 2018 |
|---|--------------------|------------|------------|
| Revenue: | | | |
| Assessment levy (note 5) | \$ 162,250 | \$ 164,582 | \$ 140,178 |
| City of Hamilton grants (note 5) | - | 64,178 | 40,466 |
| Buskerfest revenue (note 5) | 14,000 | 60,299 | 70,114 |
| Buskerfest sponsorship – in kind (note 4) | - | 56,775 | 60,752 |
| Interest | 300 | 5 | 57 |
| Federal grant (note 7) | - | 4,907 | - |
| Provincial grant (note 7) | - | - | 9,895 |
| Other income | 35,250 | 2,005 | 2,300 |
| Total revenue | 211,800 | 352,751 | 323,762 |
| Expenses: | | | |
| Advertising and promotion | 13,371 | 40,570 | 51,388 |
| Amortization | - | 124 | 248 |
| Bad debts | 2,000 | - | 4,523 |
| Beautification | 26,479 | 27,932 | 25,015 |
| Buskerfest expenses | 25,000 | 83,665 | 94,825 |
| Buskerfest other – in kind (note 4) | - | 56,775 | 60,752 |
| Contract services | - | - | 35,672 |
| Economic development | 3,000 | 6,743 | 4,100 |
| Insurance | 3,850 | 4,807 | 3,557 |
| Member services | 2,100 | 1,581 | 565 |
| Office and general | 7,100 | 5,424 | 4,267 |
| Other events | 6,800 | - | 1,623 |
| Professional fees | 3,500 | 4,011 | 3,429 |
| Rent | 19,000 | 18,901 | 18,046 |
| Salaries and wages | 55,000 | 62,215 | - |
| Seasonal events | 59,600 | 23,399 | 16,100 |
| Total expenses | 226,800 | 336,147 | 324,110 |
| Annual surplus (deficit) | (15,000) | 16,604 | (348) |
| Accumulated surplus, beginning of year | 76,604 | 76,604 | 76,952 |
| Accumulated surplus, end of year | \$ 61,604 | \$ 93,208 | \$ 76,604 |

See accompanying notes to financial statements.

DUNDAS BUSINESS IMPROVEMENT AREA

Statement of Changes in Net Financial Assets

Year ended December 31, 2019, with comparative information for 2018

| | 2019 | 2018 |
|---|-----------|-----------|
| Annual surplus (deficit) | \$ 16,604 | \$ (348) |
| Decrease in prepaid expenses | 1,180 | - |
| Amortization of tangible capital assets | 124 | 248 |
| Change in net financial assets | 17,908 | (100) |
| Net financial assets, beginning of year | 75,300 | 75,400 |
| Net financial assets, end of year | \$ 93,208 | \$ 75,300 |

See accompanying notes to financial statements.

DUNDAS BUSINESS IMPROVEMENT AREA

Statement of Cash Flows

Year ended December 31, 2019, with comparative information for 2018

| | 2019 | 2018 |
|--|-------------|-----------|
| Cash provided by (used in): | | |
| Operating activities: | | |
| Annual surplus (deficit) | \$ 16,604 | \$ (348) |
| Items not involving cash: | | |
| Amortization | 124 | 248 |
| Change in non-cash assets and liabilities: | | |
| Accounts receivable | 2,970 | (2,970) |
| Prepaid expenses | 1,180 | - |
| HST receivable | 5,041 | 56,218 |
| Accounts payable and accrued liabilities | 17,239 | (1,978) |
| Net change in cash from operating activities | 43,158 | 51,170 |
| Investing activities: | | |
| Purchase of investments | (50,000) | - |
| Financing activities: | | |
| Change in due to City of Hamilton | (78,988) | 5,544 |
| Net (decrease) increase in cash | (85,830) | 56,714 |
| Cash, beginning of year | 58,448 | 1,734 |
| Cash (bank indebtedness), end of year | \$ (27,382) | \$ 58,448 |
| Bank indebtedness and cash comprised of: | | |
| Cash | 381 | 58,448 |
| Bank indebtedness | (27,763) | - |
| | \$ (27,382) | \$ 58,448 |

See accompanying notes to financial statements.

DUNDAS BUSINESS IMPROVEMENT AREA

Notes to Financial Statements

Year ended December 31, 2019

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, 2019

1. Significant accounting policies (continued):

(e) Other income:

Other income is reported as revenue in the period earned.

(f) Non-financial assets:

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

(i) Tangible capital assets:

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

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

(g) Use of estimates:

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

(h) Related party transactions:

Transactions with related parties are measured at the carrying amount.

DUNDAS BUSINESS IMPROVEMENT AREA

Notes to Financial Statements (continued)

Year ended December 31, 2019

2. Tangible capital assets:

| Cost | Balance at December 31, 2018 | Additions | Disposals | Balance at December 31, 2019 |
|-------------------------|------------------------------------|-------------|-------------|------------------------------------|
| 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, 2018 | Disposals | Amortization expense | Balance at December 31, 2019 |
|-----------------------------|------------------------------------|-------------|-------------------------|------------------------------------|
| Computer software | \$ 426 | \$ - | \$ - | \$ 426 |
| Computer hardware | 1,115 | - | 124 | 1,239 |
| Furniture and equipment | 15,489 | - | - | 15,489 |
| Decorations | 60,934 | - | - | 60,934 |
| Total | \$ 77,964 | \$ - | 124 | \$ 78,088 |

| | Net book value December 31, 2019 | Net book value December 31, 2018 |
|-------------------------|--|--|
| Computer software | \$ - | \$ - |
| Computer hardware | - | 124 |
| Furniture and equipment | - | - |
| Decorations | - | - |
| Total | \$ - | \$ 124 |

DUNDAS BUSINESS IMPROVEMENT AREA

Notes to Financial Statements (continued)

Year ended December 31, 2019

3. Accumulated surplus:

Accumulated surplus consists of the following:

| | 2019 | 2018 |
|--|-----------|-----------|
| Surplus: | | |
| Invested in tangible capital assets | \$ - | \$ 124 |
| Operating surplus | 56,250 | 39,522 |
| Total surplus | 56,250 | 39,646 |
| 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 |
| | \$ 93,208 | \$ 76,604 |

4. Sponsorship:

Donated services, which would otherwise be paid for by the Business Improvement Area are recorded at fair value when provided. The value of the donations in-kind amounted to \$56,775 (2018 - \$60,752) 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:

| | 2019 | 2018 |
|--|------------|------------|
| Revenue: | | |
| Member levy collected on behalf of the Business Improvement Area | \$ 164,582 | \$ 140,178 |

The City of Hamilton has also contributed \$14,595 (2018 - \$13,487) to commercial improvement programs undertaken by the Business Improvement Area, \$28,183 (2018 - \$25,787) from parking sharing revenue program and \$21,400 (2018 - \$1,192) in other grants. The Buskerfest grant of \$28,886 (2018 - \$29,403) 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, 2019

5. Related party transactions (continued):

At the end of the year, other grants in the amount of \$72,287 (2018 - \$1,192) were receivable from the City of Hamilton. The Business Improvement Area had a payable \$1,800 (2018 - \$9,693) primarily for tax write offs of \$900 and audit accruals of \$900.

6. Budget data:

The budget data presented in these financial statements is based upon the 2019 budget approved by the Board on October 2, 2018. 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 2019 were \$226,800, of which \$15,000 relates to rebates received on eligible purchases for HST. This has been excluded from the budget presented on the statement of operations for a consistent basis of accounting.

7. Government transfers:

During the year, the Business Improvement Area received a federal grant for summer students in the amount of \$4,907 (2018 - \$ nil). In 2018 the Business Improvement Area received a provincial grant in the amount of \$9,895 for enhancements of the annual Dundas International Buskerfest.

8. Subsequent event:

Subsequent to December 31, 2019 the COVID-19 outbreak was declared a pandemic by the World Health Organization. This has resulted in governments worldwide, including the Canadian and Ontario governments, enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses globally and in Ontario resulting in an economic slowdown. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions however the success of these interventions is not currently determinable. The current challenging economic climate may lead to adverse changes in cash flows, working capital levels and/or debt balances, which may also have a direct impact on the Business Improvement Area's operating results and financial position in the future. The situation is dynamic and the ultimate duration and magnitude of the impact on the economy and our business are not known at this time.

Financial Statements of

**INTERNATIONAL VILLAGE
BUSINESS IMPROVEMENT
AREA**

And Independent Auditors' Report thereon

Year ended December 31, 2019



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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, 2019,
- 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, 2019, 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.

A handwritten signature in black ink that reads "KPMG LLP". The signature is written in a cursive, stylized font. Below the signature is a long, horizontal, slightly wavy line.

Chartered Professional Accountants, Licensed Public Accountants

Hamilton, Canada

September 10, 2020

INTERNATIONAL VILLAGE BUSINESS IMPROVEMENT AREA

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Year ended December 31, 2019

Financial Statements

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INTERNATIONAL VILLAGE BUSINESS IMPROVEMENT AREA

Statement of Financial Position

December 31, 2019, with comparative information for 2018

| | 2019 | 2018 |
|--|----------------|----------------|
| Financial assets | | |
| Cash | \$ 148,328 | \$ 124,664 |
| Accounts receivable | — | 1,192 |
| HST receivable | 7,743 | 15,286 |
| Due from City of Hamilton (note 3) | 1,369 | — |
| | <u>157,440</u> | <u>141,142</u> |
| Financial liabilities | | |
| Accounts payable and accrued liabilities | 2,346 | 3,005 |
| Due to City of Hamilton (note 3) | — | 3,214 |
| | <u>2,346</u> | <u>6,219</u> |
| Net financial assets | 155,094 | 134,923 |
| Non-financial assets | | |
| Prepaid expenses | 4,665 | 2,186 |
| Tangible capital assets (note 2) | 4,952 | 7,182 |
| | <u>9,617</u> | <u>9,368</u> |
| Commitments (note 5) | | |
| Subsequent event (note 7) | | |
| Accumulated surplus (note 4) | \$ 164,711 | \$ 144,291 |

See accompanying notes to financial statements.

On behalf of the Board:

Director

Director

INTERNATIONAL VILLAGE BUSINESS IMPROVEMENT AREA

Statement of Operations and Accumulated Surplus

Year ended December 31, 2019, with comparative information for 2018

| | Budget (note 6) | 2019 | 2018 |
|---|--------------------|------------|------------|
| Revenue: | | | |
| Assessment levy (note 3) | \$ 155,400 | \$ 157,369 | \$ 147,986 |
| City of Hamilton grants (note 3) | 20,000 | 55,290 | 25,232 |
| Other | — | 5,450 | 758 |
| Total revenue | 175,400 | 218,109 | 173,976 |
| Expenses: | | | |
| Advertising and promotion | 67,945 | 27,456 | 27,244 |
| Amortization | — | 2,230 | 2,048 |
| Audit fees | — | 1,211 | 600 |
| Beautification and maintenance | 3,500 | 1,400 | 314 |
| Board expenses | 2,000 | 1,392 | 1,881 |
| Commercial improvement | — | 6,671 | 4,752 |
| Contingency | 5,000 | — | 1,007 |
| Insurance | 3,900 | 3,620 | 3,473 |
| Interest and bank charges | 3,500 | 2,795 | 2,705 |
| Main street initiative | — | 10,412 | — |
| Member events and office | 8,500 | 6,370 | 7,594 |
| Parking program expenditures | — | 14,461 | 13,404 |
| Rent | 12,300 | 11,057 | 10,518 |
| Repairs and maintenance | 1,000 | 506 | 757 |
| Wages – administrative and program delivery | 63,755 | 102,512 | 67,144 |
| Telephone and internet | 4,000 | 3,340 | 3,265 |
| Community enrichment expenses | — | 2,256 | 2,286 |
| Total expenses | 175,400 | 197,689 | 148,992 |
| Annual surplus | — | 20,420 | 24,984 |
| Accumulated surplus, beginning of year | 144,291 | 144,291 | 119,307 |
| Accumulated surplus, end of year | \$ 144,291 | \$ 164,711 | \$ 144,291 |

See accompanying notes to financial statements.

INTERNATIONAL VILLAGE BUSINESS IMPROVEMENT AREA

Statement of Changes in Net Financial Assets

Year ended December 31, 2019, with comparative information for 2018

| | 2019 | 2018 |
|---|------------|------------|
| Annual surplus | \$ 20,420 | \$ 24,984 |
| (Increase) decrease in prepaid expenses | (2,479) | 4,620 |
| Amortization of tangible capital assets | 2,230 | 2,048 |
| Acquisition of tangible capital assets | — | (2,394) |
| Change in net financial assets | 20,171 | 29,258 |
| Net financial assets, beginning of year | 134,923 | 105,665 |
| Net financial assets, end of year | \$ 155,094 | \$ 134,923 |

See accompanying notes to financial statements.

INTERNATIONAL VILLAGE BUSINESS IMPROVEMENT AREA

Statement of Cash Flows

Year ended December 31, 2019, with comparative figures for 2018

| | 2019 | 2018 |
|--|------------|------------|
| Cash provided by (used in): | | |
| Operating activities: | | |
| Annual surplus | \$ 20,420 | \$ 24,984 |
| Items not involving cash: | | |
| Amortization | 2,230 | 2,048 |
| Change in non-cash assets and liabilities: | | |
| Accounts receivable | 1,192 | 2,158 |
| HST receivable | 7,543 | 10,213 |
| Prepaid expenses | (2,479) | 4,620 |
| Accounts payable and accrued liabilities | (659) | (4,888) |
| Deferred revenue | — | (75,000) |
| Net change in cash from operating activities | 28,247 | (35,865) |
| Capital activities: | | |
| Acquisition of tangible capital assets | — | (2,394) |
| Financing activities: | | |
| Change in due to/from City of Hamilton | (4,583) | (1,683) |
| Net increase (decrease) in cash | 23,664 | (39,942) |
| Cash, beginning of year | 124,664 | 164,606 |
| Cash, end of year | \$ 148,328 | \$ 124,664 |

See accompanying notes to financial statements.

INTERNATIONAL VILLAGE BUSINESS IMPROVEMENT AREA

Notes to Financial Statements

Year ended December 31, 2019

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, 2019

1. Significant accounting policies (continued):

(e) Non-financial assets:

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

(i) Tangible capital assets:

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

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

(f) Use of estimates:

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

(g) Related party transactions:

Transactions with related parties are measured at the carrying amount.

INTERNATIONAL VILLAGE BUSINESS IMPROVEMENT AREA

Notes to Financial Statements (continued)

Year ended December 31, 2019

2. Tangible capital assets:

| Cost | Balance at December 31, 2018 | Additions | Disposals | Balance at December 31, 2019 |
|-------------------------|------------------------------------|-------------|-------------|------------------------------------|
| Computer hardware | \$ 3,236 | \$ — | \$ — | \$ 3,236 |
| Furniture and equipment | 7,187 | — | — | 7,187 |
| Decorations | 18,344 | — | — | 18,344 |
| Total | \$ 28,767 | \$ — | \$ — | \$ 28,767 |

| Accumulated amortization | Balance at December 31, 2018 | Disposals | Amortization expense | Balance at December 31, 2019 |
|-----------------------------|------------------------------------|-------------|-------------------------|------------------------------------|
| Computer hardware | \$ 3,177 | \$ — | \$ 59 | \$ 3,236 |
| Furniture and equipment | 7,187 | — | — | 7,187 |
| Decorations | 11,221 | — | 2,171 | 13,392 |
| Total | \$ 21,585 | \$ — | \$ 2,230 | \$ 23,815 |

| Net book value | December 31, 2018 | December 31, 2019 |
|-------------------------|----------------------|----------------------|
| Computer hardware | \$ 59 | \$ — |
| Furniture and equipment | — | — |
| Decorations | 7,123 | 4,952 |
| Total | \$ 7,182 | \$ 4,952 |

(a) Contributed tangible capital assets:

The Business Improvement Area received no contributed tangible capital assets in 2019 or 2018.

(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.

INTERNATIONAL VILLAGE BUSINESS IMPROVEMENT AREA

Notes to Financial Statements (continued)

Year ended December 31, 2019

3. Related party transactions:

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

Revenue:

| | 2019 | 2018 |
|--|------------|------------|
| Member levy collected on behalf of the Business Improvement Area | \$ 157,369 | \$ 147,986 |

The City of Hamilton has also contributed \$6,612 (2018 – \$6,918) to commercial improvement programs undertaken by the Business Improvement Area, \$25,298 (2018 – \$14,942) from parking sharing revenue program and \$23,380 (2018 – \$3,372) for the community enrichment fund program.

At the end of the year, grants and supplemental member levies of \$1,969 (2018 – \$nil) was receivable from the City of Hamilton. The amount recorded in due from the City of Hamilton also includes a payable to the City of Hamilton of \$600 (2018 – \$3,214) for expenses paid by the City of Hamilton on behalf of the Business Improvement Area.

4. Accumulated surplus:

Accumulated surplus consists of the following:

| | 2019 | 2018 |
|-------------------------------------|------------|------------|
| Surplus: | | |
| Invested in tangible capital assets | \$ 4,952 | \$ 7,182 |
| Operating | 159,759 | 137,109 |
| Accumulated surplus | \$ 164,711 | \$ 144,291 |

INTERNATIONAL VILLAGE BUSINESS IMPROVEMENT AREA

Notes to Financial Statements (continued)

Year ended December 31, 2019

5. Commitments:

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

| | | |
|------|----|--------|
| 2020 | \$ | 12,900 |
| 2021 | | 6,600 |
| | \$ | 19,500 |

6. Budget data:

The budget data presented in these financial statements is based upon the 2019 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.

7. Subsequent event:

Subsequent to December 31, 2019, the COVID-19 outbreak was declared a pandemic by the World Health Organization. This has resulted in governments worldwide, including the Canadian and Ontario governments, enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses globally and in Ontario resulting in an economic slowdown. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions however the success of these interventions is not currently determinable. The current challenging economic climate may lead to adverse changes in cash flows, working capital levels and/or debt balances, which may also have a direct impact on the Business Improvement Area's operating results and financial position in the future. The situation is dynamic and the ultimate duration and magnitude of the impact on the economy and our business are not known at this time.

Financial Statements of

LOCKE STREET BUSINESS IMPROVEMENT AREA

And Independent Auditors' Report thereon

Year ended December 31, 2019



KPMG LLP
Commerce Place
21 King Street West, Suite 700
Hamilton Ontario L8P 4W7
Canada
Telephone (905) 523-8200
Fax (905) 523-2222

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, 2019,
- 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, 2019, and its results of operations and accumulated surplus, its changes in net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

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

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

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



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

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

We also:

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

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

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



Page 3

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

A handwritten signature in black ink that reads "KPMG LLP". The signature is written in a cursive, stylized font and is underlined with a single horizontal stroke.

Chartered Professional Accountants, Licensed Public Accountants

Hamilton, Canada

November 2, 2020

LOCKE STREET BUSINESS IMPROVEMENT AREA

Financial Statements

Year ended December 31, 2019

Financial Statements

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LOCKE STREET BUSINESS IMPROVEMENT AREA

Statement of Financial Position

December 31, 2019, with comparative information for 2018

| | 2019 | 2018 |
|--|-----------|-----------|
| Financial assets | | |
| Cash | \$ 68,086 | \$ 37,221 |
| Accounts receivable | - | 876 |
| HST receivable | 3,368 | 1,079 |
| Due from City of Hamilton (note 2) | 10,468 | 14,059 |
| | 81,922 | 53,235 |
| Financial liabilities | | |
| Accounts payable and accrued liabilities | 3,280 | 112 |
| Deferred revenue (note 3) | 5,452 | 5,452 |
| Net financial assets | 73,190 | 47,671 |
| Non-financial assets | | |
| Tangible capital assets (note 4) | 10,898 | 24,235 |
| Prepaid expenses | 3,076 | 2,772 |
| | 13,974 | 27,007 |
| Subsequent event (note 7) | | |
| Accumulated surplus (note 5) | \$ 87,164 | \$ 74,678 |

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, 2019, with comparative information for 2018

| | Budget (note 6) | 2019 | 2018 |
|--|--------------------|-----------|-----------|
| Revenue: | | | |
| Festival income | \$ - | \$ 565 | \$ 38,858 |
| Eat well, be well income | - | 13,811 | - |
| Assessment levy (note 2) | 30,000 | 28,844 | 28,880 |
| City of Hamilton grants (note 2) | 12,500 | 35,873 | 15,979 |
| LSMA funding (note 3) | - | - | 4,249 |
| Total revenue | 42,500 | 79,093 | 87,966 |
| Expenses: | | | |
| Advertising and promotion | 14,300 | 14,679 | 15,484 |
| Amortization | - | 13,337 | 11,870 |
| Commercial improvement | 9,000 | 4,538 | 11,577 |
| Festival expenses | 9,000 | 27,662 | 39,227 |
| Insurance | 1,650 | 1,239 | 1,476 |
| Office supplies | 500 | 942 | 442 |
| Professional fees | 5,300 | 1,649 | 300 |
| Miscellaneous | - | 463 | 2,213 |
| Rent | 2,750 | 2,098 | 1,595 |
| Total expenses | 42,500 | 66,607 | 84,184 |
| Annual surplus | - | 12,486 | 3,782 |
| Accumulated surplus, beginning of year | 74,678 | 74,678 | 70,896 |
| Accumulated surplus, end of year | \$ 74,678 | \$ 87,164 | \$ 74,678 |

See accompanying notes to financial statements.

LOCKE STREET BUSINESS IMPROVEMENT AREA

Statement of Changes in Net Financial Assets

Year ended December 31, 2019, with comparative information for 2018

| | 2019 | 2018 |
|---|-----------|-----------|
| Annual surplus | \$ 12,486 | \$ 3,782 |
| Acquisition of tangible capital assets | - | (13,883) |
| Amortization of tangible capital assets | 13,337 | 11,870 |
| (Increase) decrease in prepaid expenses | (304) | 1,212 |
| Change in net financial assets | 25,519 | 2,981 |
| Net financial assets, beginning of year | 47,671 | 44,690 |
| Net financial assets, end of year | \$ 73,190 | \$ 47,671 |

See accompanying notes to financial statements.

LOCKE STREET BUSINESS IMPROVEMENT AREA

Statement of Cash Flows

Year ended December 31, 2019, with comparative information for 2018

| | 2019 | 2018 |
|--|-----------|-----------|
| Cash provided by (used in): | | |
| Operating activities: | | |
| Annual surplus | \$ 12,486 | \$ 3,782 |
| Items not involving cash: | | |
| Amortization | 13,337 | 11,870 |
| Change in non-cash assets and liabilities: | | |
| Accounts receivable | 876 | 562 |
| HST receivable | (2,289) | (670) |
| Prepaid expenses | (304) | 1,212 |
| Accounts payable and accrued liabilities | 3,168 | (8,054) |
| Deferred revenue | - | (4,249) |
| Net change in cash from operating activities | 27,274 | 4,453 |
| Investing activities: | | |
| Cash used to acquire tangible capital assets | - | (13,883) |
| Financing activities: | | |
| Change in due to/from City of Hamilton | 3,591 | (14,166) |
| Increase (decrease) in cash | 30,865 | (23,596) |
| Cash, beginning of year | 37,221 | 60,817 |
| Cash, end of year | \$ 68,086 | \$ 37,221 |

See accompanying notes to financial statements.

LOCKE STREET BUSINESS IMPROVEMENT AREA

Notes to Financial Statements

Year ended December 31, 2019

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

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

1. Significant accounting policies:

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

(a) Basis of accounting:

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

(b) Cash and cash equivalents:

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

(c) Government transfers:

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

LOCKE STREET BUSINESS IMPROVEMENT AREA

Notes to Financial Statements (continued)

Year ended December 31, 2019

1. Significant accounting policies (continued):

(d) Other income:

Other income is reported as revenue in the period earned.

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

(e) Non-financial assets:

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

(i) Tangible capital assets:

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

| Asset | Useful life - years |
|-------------|---------------------|
| Decorations | 5 |
| Banners | 4 |

(f) Use of estimates:

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

(g) Related party transactions:

Transactions with related parties are measured at the carrying amount.

LOCKE STREET BUSINESS IMPROVEMENT AREA

Notes to Financial Statements (continued)

Year ended December 31, 2019

2. Related party transactions:

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

Revenue:

| | 2019 | 2018 |
|--|-----------|-----------|
| Member levy collected on behalf of the Business Improvement Area | \$ 28,844 | \$ 28,880 |

The City of Hamilton has also contributed \$2,699 (2018 - \$2,947) to commercial improvement programs undertaken by the Business Improvement Area, \$1,200 (2018 - \$1,192) for the annual Christmas grant, \$11,774 (2018 - \$11,840) from the parking sharing revenue program and \$20,200 (2018 - \$nil) in other grants. At the end of the year, the City of Hamilton grant of \$13,174 (2018 - \$15,979) was owing from the City of Hamilton net of \$2,106 (2018 - \$1,120) owing for the cash received in excess of member levy collected by the City and \$600 (2018 - \$800) owing for the annual audit expenses.

3. Deferred revenue:

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

| | 2019 | 2018 |
|----------------------------|----------|----------|
| Balance, beginning of year | \$ 5,452 | \$ 9,701 |
| Recognized as revenue | - | 4,249 |
| Balance, end of year | \$ 5,452 | \$ 5,452 |

LOCKE STREET BUSINESS IMPROVEMENT AREA

Notes to Financial Statements (continued)

Year ended December 31, 2019

4. Tangible capital assets:

| Cost | Balance at December 31, 2018 | Additions | Disposals | Balance at December 31, 2019 |
|-------------|------------------------------------|-----------|-----------|------------------------------------|
| Decorations | \$ 43,254 | \$ - | \$ - | \$ 43,254 |
| Banners | 18,744 | - | - | 18,744 |
| Total | \$ 61,998 | \$ - | \$ - | \$ 61,998 |

| Accumulated amortization | Balance at December 31, 2018 | Disposals | Amortization expense | Balance at December 31, 2019 |
|-----------------------------|------------------------------------|-----------|-------------------------|------------------------------------|
| Decorations | \$ 28,655 | \$ - | \$ 8,651 | \$ 37,306 |
| Banners | 9,108 | - | 4,686 | 13,794 |
| Total | \$ 37,763 | \$ - | \$ 13,337 | \$ 51,100 |

| Net book value | December 31, 2018 | December 31, 2019 |
|----------------|----------------------|----------------------|
| Decorations | \$ 14,599 | \$ 5,948 |
| Banners | 9,636 | 4,950 |
| Total | \$ 24,235 | \$ 10,898 |

(a) Contributed tangible capital assets:

The Business Improvement Area received no contributed tangible capital assets in 2019 or 2018.

(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.

LOCKE STREET BUSINESS IMPROVEMENT AREA

Notes to Financial Statements (continued)

Year ended December 31, 2019

5. Accumulated surplus:

Accumulated surplus consists of the following:

| | 2019 | 2018 |
|-------------------------------------|------------------|------------------|
| Surplus: | | |
| Invested in tangible capital assets | \$ 10,898 | \$ 24,235 |
| Operating | 76,266 | 50,443 |
| | \$ 87,164 | \$ 74,678 |

6. Budget data:

The budget data presented in these financial statements is based upon the 2019 budget approved by the Board on January 29, 2019. Amortization and acquisitions of tangible capital assets were not contemplated on development of the budget and, as such, were not provided on the statement of changes in net financial assets.

7. Subsequent event:

Subsequent to December 31, 2019 the COVID-19 outbreak was declared a pandemic by the World Health Organization. This has resulted in governments worldwide, including the Canadian and Ontario governments, enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses globally and in Ontario resulting in an economic slowdown. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions however the success of these interventions is not currently determinable. The current challenging economic climate may lead to adverse changes in cash flows, working capital levels and/or debt balances, which may also have a direct impact on the Business Improvement Area's operating results and financial position in the future. The situation is dynamic and the ultimate duration and magnitude of the impact on the economy and our business are not known at this time.

Financial Statements of

**OTTAWA STREET
BUSINESS IMPROVEMENT AREA**

Year ended December 31, 2019



KPMG LLP
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INDEPENDENT AUDITORS' REPORT

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

Opinion

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

- the statement of financial position as at December 31, 2019,
- 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, 2019, 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.

A handwritten signature in black ink that reads "KPMG LLP". The signature is written in a cursive, stylized font. Below the signature is a long, horizontal, slightly curved line.

Chartered Professional Accountants, Licensed Public Accountants

Hamilton, Canada

November 12, 2020

OTTAWA STREET BUSINESS IMPROVEMENT AREA

Financial Statements

Year ended December 31, 2019

Financial Statements

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OTTAWA STREET BUSINESS IMPROVEMENT AREA

Statement of Financial Position

December 31, 2019, with comparative information for 2018

| | 2019 | 2018 |
|--|------------|------------|
| Financial assets | | |
| Cash | \$ 63,294 | \$ 24,384 |
| Accounts receivable | 1,697 | 1,697 |
| HST receivable | 33,441 | 31,492 |
| Due from City of Hamilton (note 3) | - | 31,627 |
| | 98,432 | 89,200 |
| Financial liabilities | | |
| Accounts payable and accrued liabilities | 38,739 | 34,430 |
| Due to City of Hamilton (note 3) | 781 | - |
| | 39,520 | 34,430 |
| Net financial assets | 58,912 | 54,770 |
| Non-financial assets | | |
| Tangible capital assets (note 2) | 88,526 | 81,989 |
| | 88,526 | 81,989 |
| Commitments (note 5) | | |
| Subsequent event (note 7) | | |
| Accumulated surplus (note 4) | \$ 147,438 | \$ 136,759 |

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, 2019, with comparative information for 2018

| | Budget (Note 6) | 2019 | 2018 |
|--|--------------------|------------|------------|
| Revenue: | | | |
| Assessment levy (note 3) | \$ 133,000 | \$ 132,643 | \$ 131,183 |
| City of Hamilton grants (note 3) | - | 62,153 | 56,386 |
| Farmer's market | - | 1,697 | 3,395 |
| Other income | - | 31,677 | 16,293 |
| Total revenue | 133,000 | 228,170 | 207,257 |
| Expenses: | | | |
| Advertising and promotion | 38,500 | 33,387 | 40,673 |
| Administrative services | 40,000 | 9,615 | 50,159 |
| Amortization | - | 17,590 | 15,673 |
| Bad debts | - | 350 | 350 |
| Beautification | 16,500 | 41,834 | 23,014 |
| Insurance | 3,500 | 2,954 | 2,809 |
| Office | - | 2,126 | 4,127 |
| Project costs | 6,000 | 37,749 | 31,442 |
| Rent | 28,500 | 24,721 | 36,901 |
| Salaries | - | 47,165 | 2,400 |
| Total expenses | 133,000 | 217,491 | 207,548 |
| Annual surplus (deficit) | - | 10,679 | (291) |
| Accumulated surplus, beginning of year | 136,759 | 136,759 | 137,050 |
| Accumulated surplus, end of year | \$ 136,759 | \$ 147,438 | \$ 136,759 |

See accompanying notes to financial statements.

OTTAWA STREET BUSINESS IMPROVEMENT AREA

Statement of Changes in Net Financial Assets

Year ended December 31, 2019, with comparative information for 2018

| | 2019 | 2018 |
|---|-----------|-----------|
| Annual surplus (deficit) | \$ 10,679 | \$ (291) |
| Acquisition of tangible capital assets | (24,127) | (470) |
| Amortization of tangible capital assets | 17,590 | 15,673 |
| Change in net financial assets | 4,142 | 14,912 |
| Net financial assets, beginning of year | 54,770 | 39,858 |
| Net financial assets, end of year | \$ 58,912 | \$ 54,770 |

See accompanying notes to financial statements.

OTTAWA STREET BUSINESS IMPROVEMENT AREA

Statement of Cash Flows

Year ended December 31, 2019, with comparative information for 2018

| | 2019 | 2018 |
|--|-----------|-----------|
| Cash provided by (used in): | | |
| Operating activities: | | |
| Annual surplus (deficit) | \$ 10,679 | \$ (291) |
| Items not involving cash: | | |
| Amortization | 17,590 | 15,673 |
| Changes in non-cash assets and liabilities: | | |
| HST receivable | (1,949) | (1,359) |
| Accounts payable and accrued liabilities | 4,309 | 27,710 |
| Deferred revenue | - | (66,500) |
| Net change in cash from operating activities | 30,629 | (24,767) |
| Capital activities: | | |
| Cash used to acquire tangible capital assets | (24,127) | (470) |
| Financing activities: | | |
| Change in due from City of Hamilton | 32,408 | (31,362) |
| Increase (decrease) in cash | 38,910 | (56,599) |
| Cash, beginning of year | 24,384 | 80,983 |
| Cash, end of year | \$ 63,294 | \$ 24,384 |

See accompanying notes to financial statements.

OTTAWA STREET BUSINESS IMPROVEMENT AREA

Notes to Financial Statements

Year ended December 31, 2019

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.

(f) Related party transactions:

Transactions with related parties are measured at the carrying amount.

OTTAWA STREET BUSINESS IMPROVEMENT AREA

Notes to Financial Statements (continued)

Year ended December 31, 2019

2. Tangible capital assets:

| Cost | Balance at December 31, 2018 | Additions | Disposals | Balance at December 31, 2019 |
|-------------------------|------------------------------------|------------------|-------------|------------------------------------|
| Computers | \$ 1,682 | \$ 3,300 | \$ - | \$ 4,982 |
| Decorations | 29,395 | 20,827 | - | 50,222 |
| Furniture and equipment | 109,341 | - | - | 109,341 |
| Leasehold improvements | 5,848 | - | - | 5,848 |
| Total | \$ 146,266 | \$ 24,127 | \$ - | \$ 170,393 |

| Accumulated amortization | Balance at December 31, 2018 | Disposals | Amortization expense | Balance at December 31, 2019 |
|-----------------------------|------------------------------------|-------------|-------------------------|------------------------------------|
| Computers | \$ 1,576 | \$ - | \$ 462 | \$ 2,038 |
| Decorations | 20,369 | - | 5,609 | 25,978 |
| Furniture and equipment | 38,818 | - | 10,934 | 49,752 |
| Leasehold improvements | 3,514 | - | 585 | 4,099 |
| Total | \$ 64,277 | \$ - | \$ 17,590 | \$ 81,867 |

| Net book value | December 31, 2018 | December 31, 2019 |
|-------------------------|----------------------|----------------------|
| Computers | \$ 106 | \$ 2,944 |
| Decorations | 9,026 | 24,244 |
| Furniture and equipment | 70,523 | 59,589 |
| Leasehold improvements | 2,334 | 1,749 |
| Total | \$ 81,989 | \$ 88,526 |

(a) Contributed tangible capital assets:

The Business Improvement Area received no contributed tangible capital assets in 2019 or 2018.

(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, 2019

3. Related party transactions:

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

Revenue:

| | 2019 | 2018 |
|--|------------|-----------|
| Member levy collected on behalf of the Ottawa Street Business Improvement Area | \$ 132,643 | \$131,183 |

The City of Hamilton has also contributed \$13,174 (2018 - \$13,665) to commercial improvement programs undertaken by the Business Improvement Area, \$19,537 (2018 - \$19,427) from parking sharing revenue program and \$29,442 (2018 - \$23,294) in other grants.

At the end of the year, grants of \$nil were receivable (2018 - \$34,284) from the City of Hamilton. The amount due to/from the City of Hamilton at December 31, 2019 includes a payable of \$361 (2018 - \$1,817) for supplementary levies and vacancy rebates as well as a payable for the audit fees of \$420 (2018 - \$840).

4. Accumulated surplus:

Accumulated surplus consists of the following:

| | 2019 | 2019 |
|-------------------------------------|------------|-----------|
| Surplus: | | |
| Invested in tangible capital assets | \$ 88,526 | \$ 81,989 |
| Operating | 58,912 | 54,770 |
| Accumulated surplus | \$ 147,438 | \$136,759 |

OTTAWA STREET BUSINESS IMPROVEMENT AREA

Notes to Financial Statements (continued)

Year ended December 31, 2019

5. Commitments:

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

| | | |
|------|----|--------|
| 2020 | \$ | 23,052 |
| 2021 | | 23,052 |
| 2022 | | 23,052 |
| 2023 | | 7,684 |
| | \$ | 76,840 |

6. Budget data:

The budget data presented in these financial statements is based upon the 2019 budget approved by the Board on September 13, 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.

7. Subsequent event:

Subsequent to December 31, 2019 the COVID-19 outbreak was declared a pandemic by the World Health Organization. This has resulted in governments worldwide, including the Canadian and Ontario governments, enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses globally and in Ontario resulting in an economic slowdown. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions however the success of these interventions is not currently determinable. The current challenging economic climate may lead to adverse changes in cash flows, working capital levels and/or debt balances, which may also have a direct impact on the Business Improvement Area's operating results and financial position in the future. The situation is dynamic and the ultimate duration and magnitude of the impact on the economy and our business are not known at this time.

Financial Statements of

**STONEY CREEK BUSINESS
IMPROVEMENT AREA**

And Independent Auditors' Report thereon

Year ended December 31, 2019



KPMG LLP
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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, 2019,
- 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, 2019, and its results of operations, its changes in net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

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

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

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



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

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

We also:

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

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



Page 3

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusion is based on the audit evidence obtained up to the date of our auditors report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

Chartered Professional Accountants, Licensed Public Accountants

Hamilton, Ontario
May 19, 2021

STONE CREEK BUSINESS IMPROVEMENT AREA

Financial Statements

Year ended December 31, 2019

Financial Statements

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STONE CREEK BUSINESS IMPROVEMENT AREA

Statement of Financial Position

December 31, 2019, with comparative information for 2018

| | 2019 | 2018 |
|---|-----------|-----------|
| Financial assets | | |
| Cash | \$ 11,390 | \$ 3,517 |
| Accounts receivable | 4,390 | 3,360 |
| HST receivable | 6,291 | 4,301 |
| Due from the City of Hamilton (note 4) | 112 | 5,716 |
| | 22,183 | 16,894 |
| Financial liabilities | | |
| Accounts payables and accrued liabilities | 3,857 | 5,372 |
| Net financial assets | 18,326 | 11,522 |
| Non-financial assets | | |
| Tangible capital assets (note 2) | 10,746 | 5,794 |
| Prepaid expenses | 934 | 533 |
| | 11,680 | 6,327 |
| Subsequent event (note 6) | | |
| Accumulated surplus (note 3) | \$ 30,006 | \$ 17,849 |

See accompanying notes to financial statements.

On behalf of the Board:

Director

Director

STONE CREEK BUSINESS IMPROVEMENT AREA

Statement of Operations

Year ended December 31, 2019, with comparative information for 2018

| | Budget (note 5) | 2019 | 2018 |
|--|--------------------|-----------|-----------|
| Revenue: | | | |
| Assessment levy (note 4) | \$ 42,500 | \$ 42,925 | \$ 35,500 |
| City of Hamilton grants (note 4) | — | 30,923 | 9,852 |
| Other revenue | 12,435 | 15,345 | 8,185 |
| Total revenue | 54,935 | 89,193 | 53,537 |
| Expenses: | | | |
| Administration | 20,480 | 25,938 | 15,590 |
| Advertising and promotion | 700 | 223 | 4,157 |
| Amortization | — | 3,061 | 2,260 |
| Audit fees | 400 | 427 | 420 |
| Beautification | 9,550 | 3,573 | 5,769 |
| Christmas decorations and Santa Claus parade | 13,805 | 6,562 | 7,200 |
| Insurance | — | 1,330 | 1,264 |
| Miscellaneous | 10,000 | 361 | 346 |
| Special events | — | 35,561 | 18,918 |
| Total expenses | 54,935 | 77,036 | 55,924 |
| Annual surplus (deficit) | — | 12,157 | (2,387) |
| Accumulated surplus, beginning of year | 17,849 | 17,849 | 20,236 |
| Accumulated surplus, end of year (note 3) | \$ 17,849 | \$ 30,006 | \$ 17,849 |

See accompanying notes to financial statements.

STONE CREEK BUSINESS IMPROVEMENT AREA

Statement of Changes in Net Financial Assets

Year ended December 31, 2019, with comparative information for 2018

| | 2019 | 2018 |
|---|-----------|------------|
| Annual surplus (deficit) | \$ 12,157 | \$ (2,387) |
| Amortization of tangible capital assets | 3,061 | 2,260 |
| Acquisition of tangible capital assets | (8,013) | — |
| Increase in prepaid expenses | (401) | (14) |
| Change in net financial assets | 6,804 | (141) |
| Net financial assets, beginning of year | 11,522 | 11,663 |
| Net financial assets, end of year | \$ 18,326 | \$ 11,522 |

See accompanying notes to financial statements.

STONE CREEK BUSINESS IMPROVEMENT AREA

Statement of Cash Flows

Year ended December 31, 2019, with comparative information for 2018

| | 2019 | 2018 |
|--|-----------|------------|
| Cash provided by (used in): | | |
| Operating activities: | | |
| Annual surplus (deficit) | \$ 12,157 | \$ (2,387) |
| Items not involving cash: | | |
| Amortization | 3,061 | 2,260 |
| Change in non-cash assets and liabilities: | | |
| Accounts receivable | (1,030) | (3,360) |
| HST receivable | (1,990) | (467) |
| Accounts payable and accrued liabilities | (1,515) | 5,372 |
| Prepaid expenses | (401) | (14) |
| Deferred revenue | — | (17,750) |
| Net change in cash from operating activities | 10,282 | (16,346) |
| Capital activities: | | |
| Acquisition of tangible capital assets | (8,013) | — |
| Financing activities: | | |
| Change in due from City of Hamilton | 5,604 | (4,792) |
| Net increase (decrease) in cash | 7,873 | (21,138) |
| Cash, beginning of year | 3,517 | 24,655 |
| Cash, end of year | \$ 11,390 | \$ 3,517 |

See accompanying notes to financial statements.

STONEY CREEK BUSINESS IMPROVEMENT AREA

Notes to Financial Statements

Year ended December 31, 2019

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.

(c) Government transfers:

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

STONEY CREEK BUSINESS IMPROVEMENT AREA

Notes to Financial Statements (continued)

Year ended December 31, 2019

1. Significant accounting policies (continued):

(d) Non-financial assets:

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

(i) Tangible capital assets:

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

| Asset | Useful life - years |
|-------------|---------------------|
| Decorations | 5 |

(e) Other income:

Other income is reported as revenue in the period earned.

(f) Use of estimates:

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

(g) Related party transactions:

Transactions with related parties are measured at the carrying amount.

STONE CREEK BUSINESS IMPROVEMENT AREA

Notes to Financial Statements (continued)

Year ended December 31, 2019

2. Tangible capital assets:

| Cost | Balance at December 31, 2018 | Additions | Disposals | Balance at December 31, 2019 |
|-------------|------------------------------------|-----------|-----------|------------------------------------|
| Decorations | \$ 25,631 | \$ 8,013 | \$ – | \$ 33,644 |

| Accumulated amortization | Balance at December 31, 2018 | Disposals | Amortization expense | Balance at December 31, 2019 |
|-----------------------------|------------------------------------|-----------|-------------------------|------------------------------------|
| Decorations | \$ 19,837 | \$ – | \$ 3,061 | \$ 22,898 |

| Net book value | December 31, 2019 | December 31, 2018 |
|----------------|----------------------|----------------------|
| Decorations | \$ 10,746 | \$ 5,794 |

(a) Contributed tangible capital assets:

The Business Improvement Area received no contributed tangible capital assets in 2019 or 2018.

(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.

STONE CREEK BUSINESS IMPROVEMENT AREA

Notes to Financial Statements (continued)

Year ended December 31, 2019

3. Accumulated surplus:

Accumulated surplus consists of the following:

| | 2019 | 2018 |
|-------------------------------------|-----------|-----------|
| Surplus: | | |
| Invested in tangible capital assets | \$ 10,746 | \$ 5,794 |
| Reserves set aside by the Board | 2,000 | 2,000 |
| Operating | 17,260 | 10,055 |
| Accumulated surplus | \$ 30,006 | \$ 17,849 |

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

| | 2019 | 2018 |
|---------------------------------|----------|----------|
| Fund balance, beginning of year | \$ 2,000 | \$ 2,000 |
| Transfers to / (from) reserves | — | — |
| Fund balance, end of year | \$ 2,000 | \$ 2,000 |

4. Related party transactions:

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

Revenue:

| | 2019 | 2018 |
|--|-----------|-----------|
| Member levy collected on behalf of the Business Improvement Area | \$ 42,925 | \$ 35,500 |

The City of Hamilton has also contributed \$6,722 (2018 - \$5,659) to commercial improvement programs undertaken by the Business Improvement Area and \$24,201 (2018 - \$4,193) in other grant funding. At the end of the year, other grants and member levy surplus in the amount of \$1,380 (2018 - \$7,087) were receivable from the City of Hamilton. The Business Improvement Area has a payable of \$1,268 (2018 - \$1,371) for member levy write offs, audit accruals and other expenses. During the year, the Business Improvement Area paid \$2,153 (2018 - \$nil) for commercial improvements to the City of Hamilton.

STONEY CREEK BUSINESS IMPROVEMENT AREA

Notes to Financial Statements (continued)

Year ended December 31, 2019

5. Budget data:

The budget data presented in these financial statements is based upon the 2019 budget approved by the Board on October, 17, 2018. 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.

6. Subsequent event:

Subsequent to December 31, 2019, the COVID-19 outbreak was declared a pandemic by the World Health Organization. This has resulted in governments worldwide, including the Canadian and Ontario governments, enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses globally and in Ontario resulting in an economic slowdown. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions however the success of these interventions is not currently determinable. The current challenging economic climate may lead to adverse changes in cash flows, working capital levels and/or debt balances, which may also have a direct impact on the Business Improvement Area's operating results and financial position in the future. The situation is dynamic and the ultimate duration and magnitude of the impact on the economy and our business are not known at this time.

Financial Statements of

WATERDOWN BUSINESS IMPROVEMENT AREA

And Independent Auditors' Report thereon

Year ended December 31, 2019



KPMG LLP
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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, 2019,
- 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, 2019, and its results of operations, its changes in net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

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

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

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



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

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

We also:

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

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

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



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

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

Chartered Professional Accountants, Licensed Public Accountants

Hamilton, Canada
December 2, 2020

WATERDOWN BUSINESS IMPROVEMENT AREA

Index to Financial Statements

Year ended December 31, 2019

Financial Statements

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WATERDOWN BUSINESS IMPROVEMENT AREA

Statement of Financial Position

December 31, 2019, with comparative information for 2018

| | 2019 | 2018 |
|--|----------------|----------------|
| Financial assets | | |
| Cash | \$ 109,528 | \$ 83,423 |
| Investments (note 4) | 72,464 | 80,958 |
| HST receivable | 13,659 | 15,832 |
| | <u>195,651</u> | <u>180,213</u> |
| Financial liabilities | | |
| Accounts payable and accrued liabilities | 11,342 | 7,714 |
| Due to City of Hamilton (note 3) | 9,006 | 2,531 |
| | <u>20,348</u> | <u>10,245</u> |
| Net financial assets | 175,303 | 169,968 |
| Non-financial assets | | |
| Tangible capital assets (note 2) | 64,003 | 78,587 |
| Prepaid expenses | 5,785 | 11,762 |
| | <u>69,778</u> | <u>90,349</u> |
| Commitments (note 6) | | |
| Subsequent event (note 8) | | |
| Accumulated surplus (note 5) | \$ 245,091 | \$ 260,317 |

See accompanying notes to financial statements.

On behalf of the Board:

Director

Director

WATERDOWN BUSINESS IMPROVEMENT AREA

Statement of Operations and Accumulated Surplus

Year ended December 31, 2019, with comparative information for 2018

| | Budget (note 7) | 2019 | 2018 |
|--|--------------------|------------|------------|
| Revenues: | | | |
| Assessment levy (note 3) | \$ 250,000 | \$ 240,222 | \$ 231,823 |
| City of Hamilton grants (note 3) | 10,000 | 26,644 | 28,117 |
| Federal grant - summer jobs | - | - | 6,720 |
| Other income | 60,700 | 29,803 | 26,574 |
| Total revenue | 320,700 | 296,669 | 293,234 |
| Expenses: | | | |
| Advertising and promotion | 44,500 | 22,346 | 37,711 |
| Amortization | - | 24,068 | 24,089 |
| Christmas tree of hope | - | 5,113 | 4,585 |
| Festival and parades | 56,750 | 38,843 | 54,656 |
| Insurance | 5,700 | 6,095 | 5,572 |
| Wages and benefits | 87,500 | 86,890 | 81,929 |
| Memberships, conferences, and seminars | 5,350 | 2,070 | 2,450 |
| Office and general expenses | 16,500 | 12,486 | 12,633 |
| Professional fees | 2,800 | 4,460 | 1,620 |
| Rent | 30,400 | 32,204 | 30,000 |
| Streetscaping and decorations | 71,200 | 75,870 | 65,846 |
| Donations | - | 1,450 | - |
| Total expenses | 320,700 | 311,895 | 321,091 |
| Annual deficit | - | (15,226) | (27,857) |
| Accumulated surplus, beginning of year | 260,317 | 260,317 | 288,174 |
| Accumulated surplus, end of year | \$ 260,317 | \$ 245,091 | \$ 260,317 |

See accompanying notes to financial statements.

WATERDOWN BUSINESS IMPROVEMENT AREA

Statement of Changes in Net Financial Assets

Year ended December 31, 2019, with comparative information for 2018

| | 2019 | 2018 |
|---|-------------|-------------|
| Annual deficit | \$ (15,226) | \$ (27,857) |
| Acquisition of tangible capital assets | (9,484) | (18,229) |
| Amortization of tangible capital assets | 24,068 | 24,089 |
| Decrease (increase) in prepaid expenses | 5,977 | (1,905) |
| Change in net financial assets | 5,335 | (23,902) |
| Net financial assets, beginning of year | 169,968 | 193,870 |
| Net financial assets, end of year | \$ 175,303 | \$ 169,968 |

See accompanying notes to financial statements.

WATERDOWN BUSINESS IMPROVEMENT AREA

Statement of Cash Flows

Year ended December 31, 2019, with comparative information for 2018

| | 2019 | 2018 |
|--|-------------|-------------|
| Cash provided by (used in): | | |
| Operating activities: | | |
| Annual deficit | \$ (15,226) | \$ (27,857) |
| Items not involving cash: | | |
| Amortization | 24,068 | 24,089 |
| Changes in non-cash assets and liabilities: | | |
| HST receivable | 2,173 | 4,535 |
| Accounts receivable | - | 1,280 |
| Prepaid expenses | 5,977 | (1,905) |
| Accounts payable and accrued liabilities | 3,628 | 4,665 |
| Net change in cash from operating activities | 20,620 | 4,807 |
| Capital activities: | | |
| Cash used to acquire tangible capital assets | (9,484) | (18,229) |
| Investing activities: | | |
| Disposal of investments | 8,494 | 19,042 |
| Financing activities: | | |
| Change in due to City of Hamilton | 6,475 | (4,059) |
| Net increase in cash | 26,105 | 1,561 |
| Cash, beginning of year | 83,423 | 81,862 |
| Cash, end of year | \$ 109,528 | \$ 83,423 |

See accompanying notes to financial statements.

WATERDOWN BUSINESS IMPROVEMENT AREA

Notes to Financial Statements

Year ended December 31, 2019

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, 2019

1. Significant accounting policies (continued):

(e) Non-financial assets:

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

(i) Tangible capital assets:

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

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

(f) Use of estimates:

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

(g) Related party transactions:

Transactions with related parties are measured at the exchange amount.

WATERDOWN BUSINESS IMPROVEMENT AREA

Notes to Financial Statements (continued)

Year ended December 31, 2019

2. Tangible capital assets:

| Cost | Balance at December 31, 2018 | Additions | Disposals | Balance at December 31, 2019 |
|-------------------------|------------------------------------|-----------|-----------|------------------------------------|
| Furniture and equipment | \$ 118,535 | \$ 2,774 | \$ - | \$ 121,309 |
| Leasehold improvements | 20,739 | - | - | 20,739 |
| Computer equipment | 5,139 | - | - | 5,139 |
| Banners | 8,432 | 6,710 | - | 15,142 |
| Gateway signs | 11,429 | - | - | 11,429 |
| Total | \$ 164,274 | \$ 9,484 | \$ - | \$ 173,758 |

| Accumulated amortization | Balance at December 31, 2018 | Disposals | Amortization expense | Balance at December 31, 2019 |
|-----------------------------|------------------------------------|-----------|-------------------------|------------------------------------|
| Furniture and equipment | \$ 64,505 | \$ - | \$ 11,992 | \$ 76,497 |
| Leasehold improvements | 15,900 | - | 4,148 | 20,048 |
| Computer equipment | 1,400 | - | 1,713 | 3,113 |
| Banners | 2,739 | - | 3,929 | 6,668 |
| Gateway signs | 1,143 | - | 2,286 | 3,429 |
| Total | \$ 85,687 | \$ - | \$ 24,068 | \$ 109,755 |

| Net book value | December 31, 2018 | December 31, 2019 |
|-------------------------|----------------------|----------------------|
| Furniture and equipment | \$ 54,030 | \$ 44,812 |
| Leasehold improvements | 4,839 | 691 |
| Computer equipment | 3,739 | 2,026 |
| Banners | 5,693 | 8,474 |
| Gateway signs | 10,286 | 8,000 |
| Total | \$ 78,587 | \$ 64,003 |

(a) Contributed tangible capital assets:

The Business Improvement Area received no contributed tangible capital assets in 2019 or 2018.

(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, 2019

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 2018.

3. Related party transactions:

(a) City of Hamilton:

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

| | 2019 | 2018 |
|--|------------|------------|
| Revenue: | | |
| Member levy collected on behalf of the Business Improvement Area | \$ 240,222 | \$ 231,823 |

The City of Hamilton has also contributed \$5,444 (2018 - \$5,374) to commercial improvement programs undertaken by the Business Improvement Area and \$21,200 (2018 - \$22,743) in other grants.

At the end of the year, the Business Improvement Area had a payable to the City of Hamilton of \$9,779 (2018 - \$8,177) for the deficit of the member levy collected by the City of Hamilton as well as \$427 (2018 - \$920) for the annual audit accrual net of \$1,200 (2018 - \$6,566) 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:

| | 2019 | 2018 |
|---------------------------|----------|----------|
| Expenses: | | |
| Professional fees | \$ 2,025 | \$ 1,200 |
| Advertising and promotion | 200 | - |

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

WATERDOWN BUSINESS IMPROVEMENT AREA

Notes to Financial Statements (continued)

Year ended December 31, 2019

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 July 2019 with a maturity date in September 2020. As at December 31, 2019, cost approximated the market value of the GIC and interest income has been accrued in the amount of \$1,506 (2018 - \$1,171).

5. Accumulated surplus:

Accumulated surplus consists of balances as follows at December 31:

| | 2019 | 2018 |
|---|------------|------------|
| Surplus: | | |
| Invested in tangible capital assets | \$ 64,003 | \$ 78,587 |
| Operating fund | 111,088 | 101,730 |
| | 175,091 | 180,317 |
| Reserve funds set aside by Waterdown Business Improvement Area: | | |
| Marketing and advertising | 70,000 | 80,000 |
| | 70,000 | 80,000 |
| | \$ 245,091 | \$ 260,317 |

6. Commitments:

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

| | |
|------|------------|
| 2020 | \$ 31,600 |
| 2021 | 32,800 |
| 2022 | 34,000 |
| 2023 | 34,800 |
| 2024 | 23,200 |
| | \$ 156,400 |

WATERDOWN BUSINESS IMPROVEMENT AREA

Notes to Financial Statements (continued)

Year ended December 31, 2019

7. Budget data:

The budget data presented in these financial statements is based upon the 2019 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.

8. Subsequent event:

Subsequent to December 31, 2019, the COVID-19 outbreak was declared a pandemic by the World Health Organization. This has resulted in governments worldwide, including the Canadian and Ontario governments, enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses globally and in Ontario resulting in an economic slowdown. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions however the success of these interventions is not currently determinable. The current challenging economic climate may lead to adverse changes in cash flows, working capital levels and/or debt balances, which may also have a direct impact on the Business Improvement Area's operating results and financial position in the future. The situation is dynamic and the ultimate duration and magnitude of the impact on the economy and our business are not known at this time.

Financial Statements of

**WESTDALE BUSINESS
IMPROVEMENT AREA**

Year ended December 31, 2019



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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, 2019,
- 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, 2019, and its results of operations, its changes in net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

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

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

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



Page 2

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

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

We also:

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

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

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



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

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, stylized font and is underlined with a single horizontal stroke.

Chartered Professional Accountants, Licensed Public Accountants

Hamilton, Canada

May 12, 2021

WESTDALE BUSINESS IMPROVEMENT AREA

Financial Statements

Year ended December 31, 2019

Financial Statements

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WESTDALE BUSINESS IMPROVEMENT AREA

Statement of Financial Position

December 31, 2019, with comparative information for 2018

| | 2019 | 2018 |
|--|-----------|-----------|
| Financial assets | | |
| Cash | \$ 8,019 | \$ 73,864 |
| Accounts receivable | - | 6,246 |
| HST receivable | 25,791 | 6,774 |
| Due from City of Hamilton (note 4) | 29,807 | 25 |
| | 63,617 | 86,909 |
| Financial liabilities | | |
| Accounts payable and accrued liabilities | 4,530 | 10,666 |
| Net financial assets | 59,087 | 76,243 |
| Non-financial assets | | |
| Tangible capital assets (note 2) | 9,392 | 12,000 |
| Prepaid expenses | 2,552 | 2,437 |
| | 11,944 | 14,437 |
| Subsequent event (note 6) | | |
| Accumulated surplus (note 3) | \$ 71,031 | \$ 90,680 |

See accompanying notes to financial statements.

On behalf of the Board:

Director

Director

WESTDALE BUSINESS IMPROVEMENT AREA

Statement of Operations

Year ended December 31, 2019, with comparative information for 2018

| | Budget (note 5) | 2019 | 2018 |
|--|--------------------|------------|------------|
| Revenue: | | | |
| Assessment levy (note 4) | \$ 125,000 | \$ 124,234 | \$ 124,702 |
| City of Hamilton grants (note 4) | - | 31,522 | 34,047 |
| Federal grant | - | 5,426 | 4,746 |
| Other income | - | 3,710 | 2,050 |
| | 125,000 | 164,892 | \$ 165,545 |
| Expenses: | | | |
| Advertising | 33,000 | 38,446 | 25,967 |
| Amortization | - | 2,808 | 2,788 |
| Audit and legal fees | - | 2,235 | 2,325 |
| Bank charges | - | 165 | 230 |
| Beautification | 18,000 | 41,548 | 47,378 |
| Consulting | 33,000 | 26,854 | 25,175 |
| Festival | 34,000 | 58,396 | 19,494 |
| Insurance | - | 3,260 | 4,199 |
| Office and general expense | 5,000 | 2,444 | 5,885 |
| Rent | - | - | 5,300 |
| Wages | 2,000 | 8,385 | 3,252 |
| | 125,000 | 184,541 | 141,993 |
| Annual (deficit) surplus | - | (19,649) | 23,552 |
| Accumulated surplus, beginning of year | 90,680 | 90,680 | 67,128 |
| Accumulated surplus, end of year | \$ 90,680 | \$ 71,031 | \$ 90,680 |

See accompanying notes to financial statements.

WESTDALE BUSINESS IMPROVEMENT AREA

Statement of Changes in Net Financial Assets

Year ended December 31, 2019, with comparative information for 2018

| | 2019 | 2018 |
|---|-------------|-----------|
| Annual (deficit) surplus | \$ (19,649) | \$ 23,552 |
| Amortization of tangible capital assets | 2,808 | 2,788 |
| Acquisition of tangible capital assets | (200) | (12,155) |
| (Increase) decrease in prepaid expenses | (115) | 3,152 |
| Change in net financial assets | (17,156) | 17,337 |
| Net financial assets, beginning of year | 76,243 | 58,906 |
| Net financial assets, end of year | \$ 59,087 | \$ 76,243 |

See accompanying notes to financial statements.

WESTDALE BUSINESS IMPROVEMENT AREA

Statement of Cash Flows

Year ended December 31, 2019, with comparative information for 2018

| | 2019 | 2018 |
|--|-------------|-----------|
| Cash provided by (used in): | | |
| Operating activities: | | |
| Annual (deficit) surplus | \$ (19,649) | \$ 23,552 |
| Items not involving cash: | | |
| Amortization | 2,808 | 2,788 |
| Change in non-cash assets and liabilities: | | |
| Accounts receivable | 6,246 | (6,246) |
| HST receivable | (19,017) | 3,950 |
| Accounts payable and accrued liabilities | (6,136) | (24,336) |
| Prepaid expenses | (115) | 3,152 |
| Cash from operating activities | (35,863) | 2,860 |
| Investing activities: | | |
| Acquisition of tangible capital assets | (200) | (12,155) |
| Financing activities: | | |
| Change in due from City of Hamilton | (29,782) | 1,648 |
| Net decrease in cash | (65,845) | (7,647) |
| Cash, beginning of year | 73,864 | 81,511 |
| Cash, end of year | \$ 8,019 | \$ 73,864 |

See accompanying notes to financial statements.

WESTDALE BUSINESS IMPROVEMENT AREA

Notes to Financial Statements

Year ended December 31, 2019

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 and the federal government. 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, 2019

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.

(f) Related party transactions:

Transactions with related parties are measured at the carrying amount.

WESTDALE BUSINESS IMPROVEMENT AREA

Notes to Financial Statements (continued)

Year ended December 31, 2019

2. Tangible capital assets:

| Cost | Balance at December 31, 2018 | Additions | Disposals | Balance at December 31, 2019 |
|-------------------------|------------------------------------|---------------|-------------|------------------------------------|
| Furniture and equipment | \$ 16,689 | \$ 200 | \$ - | \$ 16,889 |
| Computer hardware | 1,337 | - | - | 1,337 |
| Decorations | 50,463 | - | - | 50,463 |
| Total | \$ 68,489 | \$ 200 | \$ - | \$ 68,689 |

| Accumulated amortization | Balance at December 31, 2018 | Disposals | Amortization expense | Balance at December 31, 2019 |
|-----------------------------|------------------------------------|-------------|-------------------------|------------------------------------|
| Furniture and equipment | \$ 7,016 | \$ - | \$ 1,599 | \$ 8,615 |
| Computer hardware | 1,337 | - | - | 1,337 |
| Decorations | 48,136 | - | 1,209 | 49,345 |
| Total | \$ 56,489 | \$ - | \$ 2,808 | \$ 59,297 |

| Net book value | December 31, 2018 | December 31, 2019 |
|-------------------------|----------------------|----------------------|
| Furniture and equipment | \$ 9,673 | \$ 8,274 |
| Decorations | 2,327 | 1,118 |
| Total | \$ 12,000 | \$ 9,392 |

WESTDALE BUSINESS IMPROVEMENT AREA

Notes to Financial Statements (continued)

Year ended December 31, 2019

2. Tangible capital assets (continued):

(a) Contributed tangible capital assets:

The Business Improvement Area received no contributed tangible capital assets in 2019 or 2018.

(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 2018.

3. Accumulated surplus:

Accumulated surplus consists of the following:

| | 2019 | 2018 |
|-------------------------------------|-----------|-----------|
| Surplus: | | |
| Invested in tangible capital assets | \$ 9,392 | \$ 12,000 |
| Operating | 61,639 | 78,680 |
| Accumulated surplus | \$ 71,031 | \$ 90,680 |

4. Related party transactions:

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

| | 2019 | 2018 |
|--|------------|------------|
| Revenue: | | |
| Member levy collected on behalf of the Business Improvement Area | \$ 124,234 | \$ 124,702 |

WESTDALE BUSINESS IMPROVEMENT AREA

Notes to Financial Statements (continued)

Year ended December 31, 2019

4. Related party transactions (continued):

The City of Hamilton has also contributed \$12,067 (2018 - \$12,742) to commercial improvement programs undertaken by the Business Improvement Area, \$18,255 (2018 - \$19,113) to a parking revenue sharing program and \$1,200 (2018 - \$2,192) in other grants. At the end of the year, the Business Improvement Area had a receivable of \$31,072 (2018 - \$1,192) from the City of Hamilton for outstanding grants and member levy surplus. The Business Improvement Area had a payable of \$1,265 (2018 - \$1,167) 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 2019 budget approved by the Board on November 7, 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.

6. Subsequent event:

Subsequent to December 31, 2019 the COVID-19 outbreak was declared a pandemic by the World Health Organization. This has resulted in governments worldwide, including the Canadian and Ontario governments, enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses globally and in Ontario resulting in an economic slowdown. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions however the success of these interventions is not currently determinable. The current challenging economic climate may lead to adverse changes in cash flows, working capital levels and/or debt balances, which may also have a direct impact on the Business Improvement Area's operating results and financial position in the future. The situation is dynamic and the ultimate duration and magnitude of the impact on the economy and our business are not known at this time.