

Financial Statements of

**ANCASTER BUSINESS  
IMPROVEMENT AREA**

And Independent Auditors' Report thereon

Year ended December 31, 2021



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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, 2021,
- 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, 2021, 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.



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- 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, Canada

June 23, 2022.

# ANCASTER BUSINESS IMPROVEMENT AREA

## Financial Statements

Year ended December 31, 2021

### Financial Statements

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# ANCASTER BUSINESS IMPROVEMENT AREA

## Statement of Financial Position

December 31, 2021, with comparative information for 2020

	2021	2020
<b>Financial assets</b>		
Cash	\$ 105,492	\$ 116,079
HST receivable	9,324	5,613
Due from City of Hamilton (note 2)	4,210	99
	<u>119,026</u>	<u>121,791</u>
<b>Financial liabilities</b>		
Accounts payable and accrued liabilities	982	10,592
Net financial assets	<u>118,044</u>	<u>111,199</u>
<b>Non-financial assets</b>		
Tangible capital assets (note 3)	2,925	4,199
Prepaid expenses	10,266	2,600
	<u>13,191</u>	<u>6,799</u>
COVID-19 (note 7)		
Accumulated surplus (note 4)	<u>\$ 131,235</u>	<u>\$ 117,998</u>

See accompanying notes to financial statements.

On behalf of the Board:

\_\_\_\_\_ Director

\_\_\_\_\_ Director

## ANCASTER BUSINESS IMPROVEMENT AREA

### Statement of Operations

Year ended December 31, 2021, with comparative information for 2020

	Budget (note 5)	2021	2020
<b>Revenues:</b>			
Assessment levy (note 2)	\$ 98,000	\$ 98,764	\$ 97,227
City of Hamilton grants (note 2)	–	22,210	16,334
Government of Canada grants (note 6)	–	7,965	6,757
Farmer's Market income (note 2)	–	24,395	23,037
Other income	–	4,734	6,357
<b>Total revenues</b>	<b>98,000</b>	<b>158,068</b>	<b>149,712</b>
<b>Expenses:</b>			
Advertising and promotion	44,000	44,294	47,544
Amortization	–	1,274	1,035
Ancaster Farmer's Market	–	25,435	26,494
Bank charges and interest	–	310	336
Beautification	9,000	16,426	13,084
Business taxes	–	238	229
Donations	–	1,000	–
Insurance	–	2,294	2,169
Office expenses	–	671	291
Professional fees	–	854	427
Salaries	40,000	52,035	51,136
Miscellaneous	5,000	–	–
<b>Total expenses</b>	<b>98,000</b>	<b>144,831</b>	<b>142,745</b>
Annual surplus	–	13,237	6,967
Accumulated surplus, beginning of year	117,988	117,998	111,031
<b>Accumulated surplus, end of year</b>	<b>\$ 117,988</b>	<b>\$ 131,235</b>	<b>\$ 117,998</b>

See accompanying notes to financial statements.

## ANCASTER BUSINESS IMPROVEMENT AREA

### Statement of Changes in Net Financial Assets

Year ended December 31, 2021, with comparative information for 2020

	2021	2020
Annual surplus	\$ 13,237	\$ 6,967
Acquisition of tangible capital	-	(2,400)
Amortization of tangible capital assets	1,274	1,035
Increase in prepaid expenses	(7,666)	(779)
Change in net financial assets	6,845	4,823
Net financial assets, beginning of year	111,199	106,376
Net financial assets, end of year	\$ 118,044	\$ 111,199

See accompanying notes to financial statements.



## ANCASTER BUSINESS IMPROVEMENT AREA

### Statement of Cash Flows

Year ended December 31, 2021, with comparative information for 2020

	2021	2020
Cash provided by (used in):		
Operating activities:		
Annual surplus	\$ 13,237	\$ 6,967
Items not involving cash:		
Amortization	1,274	1,035
Changes in non-cash operating working capital:		
Prepaid expenses	(7,666)	(779)
HST receivable	(3,711)	2,099
Accounts payable and accrued liabilities	(9,610)	1,305
Net change in cash from operating activities	(6,476)	10,627
Financing activities:		
Change in due from City of Hamilton	(4,111)	4,235
Cash used to acquire tangible capital assets	-	(2,400)
	(4,111)	1,835
Change in cash	(10,587)	12,462
Cash, beginning of year	116,079	103,617
Cash, end of year	\$ 105,492	\$ 116,079

See accompanying notes to financial statements.

# ANCASTER BUSINESS IMPROVEMENT AREA

Notes to Financial Statements

Year ended December 31, 2021

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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, 2021

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## 1. Significant accounting policies (continued):

(e) Non-financial assets:

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

(i) Tangible capital assets:

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

Asset	Useful life - years
Decorations	5
Computers	5
Furniture	10

(f) Use of estimates:

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

(g) Related party transactions:

Transactions with related parties are measured at the carrying amount.

# ANCASTER BUSINESS IMPROVEMENT AREA

Notes to Financial Statements (continued)

Year ended December 31, 2021

## 2. Related party transactions:

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

	2021	2020
Revenue:		
Member levy collected on behalf of the Business Improvement Area	\$ 98,764	\$ 97,227
Expenses:		
Beautification	6,601	5,892

The City of Hamilton has also contributed \$5,626 (2020 - \$5,550) to commercial improvement programs undertaken by the Business Improvement Area, \$5,283 (2020 - \$5,283) from parking revenue sharing program, and \$11,301 (2020 - \$5,501) in other miscellaneous grants. An additional grant received of \$3,000 (2020 - \$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 \$4,300 (2020 - \$1,300) was receivable from the City of Hamilton and \$764 surplus (2020 - \$774 payable due to cash received in excess) of member levy. The amount recorded in due from the City of Hamilton also includes a payable to the City of Hamilton of \$854 (2020 - \$427) for expenses paid by the City of Hamilton on behalf of the Business Improvement Area.

## ANCASTER BUSINESS IMPROVEMENT AREA

Notes to Financial Statements (continued)

Year ended December 31, 2021

### 3. Tangible capital assets:

Cost	Balance at December 31, 2020	Additions	Disposals	Balance at December 31, 2021
Decorations	\$ 16,045	\$ -	\$ 16,045	\$ -
Computers	2,993	-	-	2,993
Furniture	7,945	-	-	7,945
<b>Total</b>	<b>\$ 26,983</b>	<b>\$ -</b>	<b>\$ 16,045</b>	<b>\$ 10,938</b>

Accumulated amortization	Balance at December 31, 2020	Disposals	Amortization expense	Balance at December 31, 2021
Decorations	\$ 16,045	\$ 16,045	\$ -	\$ -
Computers	833	-	480	1,313
Furniture	5,906	-	794	6,700
<b>Total</b>	<b>\$ 22,784</b>	<b>\$ 16,045</b>	<b>\$ 1,274</b>	<b>\$ 8,013</b>

Net book value	December 31, 2020	December 31, 2021
Decorations	\$ -	\$ -
Computers	2,160	1,680
Furniture	2,039	1,245
<b>Total</b>	<b>\$ 4,199</b>	<b>\$ 2,925</b>

(a) Contributed tangible capital assets:

The Business Improvement Area received \$nil (2020 - \$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.

# ANCASTER BUSINESS IMPROVEMENT AREA

Notes to Financial Statements (continued)

Year ended December 31, 2021

**4. Accumulated surplus:**

Accumulated surplus consists of the following:

	2021	2020
Surplus:		
Invested in tangible capital assets	\$ 2,925	\$ 4,199
Operating	128,310	113,799
	<b>\$ 131,235</b>	<b>\$ 117,998</b>

**5. Budget data:**

The budget data presented in these financial statements is based upon the 2021 budget approved by the Board on September 21, 2020. 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 \$7,965 (2020 - \$6,757) provided under the Canada summer student jobs grant.

**7. COVID-19:**

In March 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization and has had a significant financial, market and social dislocating impact across the world. This has resulted in governments worldwide, including the Canadian and Ontario governments, enacting emergency measures to combat the spread of the virus.

Several measures were put in place by the Federal Government which include the implementation of travel bans, self-imposed quarantine periods and social distancing. These measures have caused material disruption to individuals, businesses and organizations 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.

As at December 31, 2021, COVID-19 impacted Farmer's Market Income.

Financial Statements of

**CONCESSION STREET  
BUSINESS IMPROVEMENT AREA**

And Independent Auditors' Report thereon

Year ended December 31, 2021



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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, 2021
- 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, 2021, 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.



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

*KPMG LLP*

Chartered Professional Accountants, Licensed Public Accountants

Hamilton, Canada

July 18, 2022

# CONCESSION STREET BUSINESS IMPROVEMENT AREA

Financial Statements

Year ended December 31, 2021

## Financial Statements

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# CONCESSION STREET BUSINESS IMPROVEMENT AREA

Statement of Financial Position

December 31, 2021, with comparative information for 2020

	2021	2020
<b>Financial assets</b>		
Cash	\$ 107,642	\$ 48,812
Due from City of Hamilton (note 4)	–	13,845
HST receivable	9,902	14,825
Investments	–	50,000
	<u>117,544</u>	<u>127,482</u>
<b>Financial liabilities</b>		
Accounts payable and accrued liabilities	15,547	14,872
Deferred revenue	2,370	2,170
Due to City of Hamilton (note 4)	2,990	–
Net financial assets	<u>96,637</u>	<u>110,440</u>
<b>Non-financial assets</b>		
Tangible capital assets (note 2)	1,862	6,148
Prepaid expenses	5,941	1,077
	<u>7,803</u>	<u>7,225</u>
Commitment (note 6)		
COVID-19 (note 7)		
Accumulated surplus (note 3)	<u>\$ 104,440</u>	<u>\$ 117,665</u>

See accompanying notes to financial statements.

On behalf of the Board:

\_\_\_\_\_ Director

\_\_\_\_\_ Director

# CONCESSION STREET BUSINESS IMPROVEMENT AREA

## Statement of Operations

Year ended December 31, 2021, with comparative information for 2020

	Budget (note 5)	2021	2020
<b>Revenue:</b>			
Assessment levy (note 4)	\$ 115,499	\$ 115,410	\$ 115,499
City of Hamilton grants (note 4)	–	40,615	44,854
Other income	–	2,700	1,669
<b>Total revenue</b>	<b>115,499</b>	<b>158,725</b>	<b>162,022</b>
<b>Expenses:</b>			
Salaries and wages	47,537	48,524	46,627
General beautification and improvements (note 4)	13,700	34,355	18,600
Advertising and promotion	10,000	27,919	29,050
Festivals	25,474	27,227	16,240
Rent	7,788	8,976	6,238
Office and general	3,400	8,259	19,604
Professional fees	1,300	4,965	1,607
Insurance	5,100	4,834	4,017
Miscellaneous	–	3,088	718
Amortization	–	1,907	2,754
Revitalization	–	1,715	12,100
Interest and bank charges	–	138	149
Contract services	–	43	14,007
Repairs and maintenance	–	–	124
Utilities	1,200	–	1,131
<b>Total expenses</b>	<b>115,499</b>	<b>171,950</b>	<b>172,966</b>
<b>Annual deficit</b>	<b>–</b>	<b>(13,225)</b>	<b>(10,944)</b>
Accumulated surplus, beginning of year	117,665	117,665	128,609
<b>Accumulated surplus, end of year</b>	<b>\$ 117,665</b>	<b>\$ 104,440</b>	<b>\$ 117,665</b>

See accompanying notes to financial statements.

## CONCESSION STREET BUSINESS IMPROVEMENT AREA

### Statement of Changes in Net Financial Assets

Year ended December 31, 2021, with comparative information for 2020

	2021	2020
Annual deficit	\$ (13,225)	\$ (10,944)
Acquisition of tangible capital assets	(1,068)	(5,366)
Disposal of tangible capital assets	3,447	-
Amortization of tangible capital assets	1,907	2,754
Increase in prepaid expenses	(4,864)	-
Change in net financial assets	(13,803)	(13,556)
Net financial assets, beginning of year	110,440	123,996
Net financial assets, end of year	\$ 96,637	\$ 110,440

See accompanying notes to financial statements.

## CONCESSION STREET BUSINESS IMPROVEMENT AREA

### Statement of Cash Flows

Year ended December 31, 2021, with comparative information for 2020

	2021	2020
Cash provided by (used in):		
Operating activities:		
Annual deficit	\$ (13,225)	\$ (10,944)
Items not involving cash:		
Amortization	1,907	2,754
Disposal of tangible capital assets	3,447	–
Changes in non-cash assets and liabilities:		
HST receivable	4,923	(7,092)
Accounts payable and accrued liabilities	675	11,627
Deferred revenue	200	2,170
Prepaid expenses	(4,864)	–
Net change in cash from operating activities	(6,937)	(1,485)
Capital activities:		
Cash used to acquire tangible capital assets	(1,068)	(5,366)
Financing activities:		
Change in due to (from) City of Hamilton	16,835	(12,911)
Decrease in investments	50,000	40,000
	66,835	27,089
Net increase in cash	58,830	20,238
Cash, beginning of year	48,812	28,574
Cash, end of year	\$ 107,642	\$ 48,812

See accompanying notes to financial statements.

# CONCESSION STREET BUSINESS IMPROVEMENT AREA

Notes to Financial Statements

Year ended December 31, 2021

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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.

(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.



# CONCESSION STREET BUSINESS IMPROVEMENT AREA

Notes to Financial Statements (continued)

Year ended December 31, 2021

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

(e) Other income:

Other income is reported as revenue in the period earned.

(f) Non-financial assets:

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

(i) Tangible capital assets:

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

Asset	Useful life - years
Computer hardware	5
Furniture and equipment	10
Revitalization	5
Banners	2

(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.

# CONCESSION STREET BUSINESS IMPROVEMENT AREA

Notes to Financial Statements (continued)

Year ended December 31, 2021

## 2. Tangible capital assets:

Cost	Balance at December 31, 2020	Additions	Disposals	Balance at December 31, 2021
Computer hardware	\$ 3,235	\$ 1,068	\$ 3,235	\$ 1,068
Furniture and equipment	8,930	—	8,930	—
Revitalization	2,450	—	2,450	—
Banners	3,601	—	—	3,601
<b>Total</b>	<b>\$ 18,216</b>	<b>\$ 1,068</b>	<b>\$ 14,615</b>	<b>\$ 4,669</b>

Accumulated amortization	Balance at December 31, 2020	Disposals	Amortization expense	Balance at December 31, 2021
Computer hardware	\$ 1,846	\$ 1,846	\$ 107	\$ 107
Furniture and equipment	8,587	8,587	—	—
Revitalization	735	735	—	—
Banners	900	—	1,800	2,700
<b>Total</b>	<b>\$ 12,068</b>	<b>\$ 11,168</b>	<b>\$ 1,907</b>	<b>\$ 2,807</b>

Net book value	December 31, 2020	December 31, 2021
Computer hardware	\$ 1,389	\$ 961
Furniture and equipment	343	—
Revitalization	1,715	—
Banners	2,701	901
<b>Total</b>	<b>\$ 6,148</b>	<b>\$ 1,862</b>

# CONCESSION STREET BUSINESS IMPROVEMENT AREA

Notes to Financial Statements (continued)

Year ended December 31, 2021

## 2. Tangible capital assets (continued):

(a) Contributed tangible capital assets:

The Business Improvement Area received no contributed tangible capital assets in 2021 or 2020.

(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 wrote down \$3,447 in tangible capital assets during the year.

## 3. Accumulated surplus:

Accumulated surplus consists of the following:

	2021	2020
Surplus:		
Invested in tangible capital assets	\$ 1,862	\$ 6,148
Operating	102,578	111,517
<b>Accumulated surplus</b>	<b>\$ 104,440</b>	<b>\$117,665</b>

## 4. Related party transactions:

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

	2021	2020
<b>Revenue:</b>		
Member levy collected on behalf of the Business Improvement Area	\$ 115,410	\$115,499
Grants	40,615	44,854
<b>Expenses:</b>		
General beautification and improvements	19,863	13,282

# CONCESSION STREET BUSINESS IMPROVEMENT AREA

Notes to Financial Statements (continued)

Year ended December 31, 2021

**4. Related party transactions (continued):**

The City of Hamilton has also contributed \$8,071 (2020 - \$7,915) to commercial improvement programs undertaken by the Business Improvement Area, \$14,272 (2020 - \$30,703) from parking revenue sharing program, \$1,300 (2020 - \$nil) for the annual Christmas grant and \$16,972 (2020 - \$6,236) in other grants. At the end of the year, there was \$3,347 (2020 - \$nil) owing to the City of Hamilton for general beautification expenses, \$854 (2020 - \$427) owing for annual audit expenses and \$89 (2020 - \$nil) owing for the cash received in excess of member levy collected by the City, net of \$1,300 (2020 - \$14,272) in grants owing from the City of Hamilton.

**5. Budget data:**

The budget data presented in these financial statements is based upon the 2021 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 \$222,771 of which \$107,272 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. Commitment:**

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

2022	\$	7,060
2023		2,372
	\$	9,432

# CONCESSION STREET BUSINESS IMPROVEMENT AREA

Notes to Financial Statements (continued)

Year ended December 31, 2021

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## 7. COVID-19:

In March 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization and has had a significant financial, market and social dislocating impact across the world. This has resulted in governments worldwide, including the Canadian and Ontario governments, enacting emergency measures to combat the spread of the virus.

Several measures were put in place by the Federal Government which include the implementation of travel bans, self-imposed quarantine periods and social distancing. These measures have caused material disruption to individuals, businesses and organizations 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.

As at December 31, 2021, COVID-19 has caused the Business Improvement Area to cancel some events. 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 outcome and timeframe to a recovery from the current pandemic is undeterminable, thus it is not practicable to estimate and disclose its financial effect on future operations at this time.

Financial Statements of

**DOWNTOWN HAMILTON  
BUSINESS IMPROVEMENT AREA**

Year ended December 31, 2021



KPMG LLP  
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21 King Street West, Suite 700  
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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, 2021,
- 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, 2021, 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.





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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

July 5, 2022

# **DOWNTOWN HAMILTON BUSINESS IMPROVEMENT AREA**

## Financial Statements

Year ended December 31, 2021

### Financial Statements

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## DOWNTOWN HAMILTON BUSINESS IMPROVEMENT AREA

### Statement of Financial Position

December 31, 2021, with comparative information for 2020

	2021	2020
<b>Financial assets</b>		
Cash	\$ 27,769	\$ 9,520
HST receivable	29,212	23,284
Accounts receivable	–	4,654
Investments	70,083	138,930
	<u>127,064</u>	<u>176,388</u>
<b>Financial liabilities</b>		
Accounts payable and accrued liabilities	12,679	44,933
Due to City of Hamilton (note 5)	8,924	85
	<u>21,603</u>	<u>45,018</u>
Net financial assets	105,461	131,370
<b>Non-financial assets</b>		
Tangible capital assets (note 2)	30,459	27,739
Prepaid expenses	11,808	11,086
	<u>42,267</u>	<u>38,825</u>
COVID 19 (note 7)		
Accumulated surplus (note 3)	\$ 147,728	\$ 170,195

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, 2021, with comparative information for 2020

	Budget (note 6)	2021	2020
<b>Revenue:</b>			
Assessment levy (note 5)	\$ 400,000	\$ 383,015	\$ 377,728
City of Hamilton grants (note 5)	–	50,777	40,511
Federal grant	–	19,404	12,847
Interest	–	1,229	2,708
Other	65,000	9,000	11,914
	<u>465,000</u>	<u>463,425</u>	<u>445,708</u>
<b>Expenses:</b>			
Administration	4,500	14,054	5,055
Amortization	12,000	8,425	15,373
Bad debt expense	–	3,175	300
Beautification	42,500	44,023	56,758
Miscellaneous	27,000	–	–
Office	55,000	65,874	66,602
Professional fees	4,000	6,841	4,226
Promotions	145,000	157,221	88,568
Salaries	175,000	186,279	206,929
	<u>465,000</u>	<u>485,892</u>	<u>443,811</u>
Annual surplus	–	(22,467)	1,897
Accumulated surplus, beginning of year	170,195	170,195	168,298
Accumulated surplus, end of year	<u>\$ 170,195</u>	<u>\$ 147,728</u>	<u>\$ 170,195</u>

See accompanying notes to financial statements.

## DOWNTOWN HAMILTON BUSINESS IMPROVEMENT AREA

### Statement of Changes in Net Financial Assets

Year ended December 31, 2021, with comparative information for 2020

	Budget (note 6)	2021	2020
Annual surplus	\$ —	\$ (22,467)	\$ 1,897
Acquisition of tangible capital assets	—	(11,145)	(5,248)
Amortization of tangible capital assets	12,000	8,425	15,373
Decrease in prepaid expenses	—	(722)	(5,508)
Change in net financial assets	12,000	(25,909)	6,514
Net financial assets, beginning of year	131,370	131,370	124,856
Net financial assets, end of year	\$ 119,370	\$ 105,461	\$ 131,370

See accompanying notes to financial statements.

## DOWNTOWN HAMILTON BUSINESS IMPROVEMENT AREA

### Statement of Cash Flows

Year ended December 31, 2021, with comparative information for 2020

	2021	2020
Cash provided by (used in)		
Operating activities:		
Annual (deficit) surplus	\$ (22,467)	\$ 1,897
Items not involving cash:		
Amortization	8,425	15,373
Accrued interest	(1,092)	(584)
Changes in non-cash financial assets and liabilities:		
HST receivable	(5,928)	6,250
Accounts receivable	4,654	(3,156)
Prepaid expenses	(722)	(5,508)
Accounts payable and accrued liabilities	(32,254)	18,834
Net change in cash from operating activities	(49,384)	33,106
Capital activities:		
Cash used to acquire tangible capital assets	(11,145)	(5,248)
Financing activities:		
Change in due to City of Hamilton	8,839	(5,141)
Change in investments	69,939	(37,086)
	78,778	(42,227)
Change in cash	18,249	(14,369)
Cash, beginning of year	9,520	23,889
Cash, end of year	\$ 27,769	\$ 9,520

See accompanying notes to financial statements.

# DOWNTOWN HAMILTON BUSINESS IMPROVEMENT AREA

Notes to Financial Statements

Year ended December 31, 2021

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

## 1. Significant accounting policies:

The financial statements of the Business Improvement Area are prepared by management in accordance with Canadian public sector accounting standards ("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, 2021

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

(e) Non-financial assets:

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

(i) Tangible capital assets:

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

Asset	Useful life - years
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.

(g) Related party transactions:

Transactions with related parties are measured at the carrying amount.



## DOWNTOWN HAMILTON BUSINESS IMPROVEMENT AREA

Notes to Financial Statements (continued)

Year ended December 31, 2021

### 2. Tangible capital assets:

Cost	Balance at December 31, 2020	Additions	Disposals	Balance at December 31, 2021
Computer hardware	\$ 6,797	\$ 4,445	\$ –	\$ 11,242
Computer software	206	–	–	206
Decorations	72,399	–	–	72,399
Furniture and equipment	87,848	6,700	–	94,548
<b>Total</b>	<b>\$ 167,250</b>	<b>\$ 11,145</b>	<b>\$ –</b>	<b>\$ 178,395</b>

Accumulated amortization	Balance at December 31, 2020	Disposals	Amortization expense	Balance at December 31, 2021
Computer hardware	\$ 5,121	\$ –	\$ 1,117	\$ 6,238
Computer software	206	–	–	206
Decorations	68,208	–	4,002	72,210
Furniture and equipment	65,976	–	3,306	69,282
<b>Total</b>	<b>\$ 139,511</b>	<b>\$ –</b>	<b>\$ 8,425</b>	<b>\$ 147,936</b>

	Net book value December 31, 2020	Net book value December 31, 2021
Computer hardware	\$ 1,676	\$ 5,004
Computer software	–	–
Decorations	4,191	189
Furniture and equipment	21,872	25,266
<b>Total</b>	<b>\$ 27,739</b>	<b>\$ 30,459</b>

(a) Contributed tangible capital assets:

The Business Improvement Area received no contributed tangible capital assets in 2021 or 2020.

(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, 2021

### 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 2021.

### 3. Accumulated surplus:

Accumulated surplus consists of the following:

	2020	2020
Surplus:		
Invested in tangible capital assets	\$ 30,459	\$ 27,739
Operating	117,269	142,456
	<b>\$ 147,728</b>	<b>\$ 170,195</b>

### 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:

2022	\$ 16,427
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### 5. Related party transactions:

(a) City of Hamilton:

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

	2021	2020
Revenue:		
Member levy collected on behalf of the Business Improvement Area	\$ 383,015	\$ 377,728
Expenses:		
Beautification	1,324	\$ 857

## **DOWNTOWN HAMILTON BUSINESS IMPROVEMENT AREA**

Notes to Financial Statements (continued)

Year ended December 31, 2021

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### **5. Related party transactions (continued):**

The City of Hamilton also contributed \$5,727 (2020 - \$5,639) to commercial improvement programs undertaken by the Business Improvement Area, \$11,250 (2020 - \$11,250) from parking revenue sharing program, and \$33,800 (2020 - \$23,622) in other grants. At the end of the year, the Business Improvement Area had a payable of \$16,985 (2020 - \$5,431) for the cash received in excess of the member levy collected by the City of Hamilton and \$916 (2020 - \$1,885) accrued for expenses, net of \$1,300 (2020 - \$1,300) receivable for the annual Christmas grant and \$7,677 (2020 - \$5,931) of other grants.

### **6. Budget data:**

The budget data presented in these financial statements is based upon the 2021 budget approved by the Board on October 16, 2020.

### **7. COVID-19:**

In March 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization and has had a significant financial, market and social dislocating impact across the world. This has resulted in governments worldwide, including the Canadian and Ontario governments, enacting emergency measures to combat the spread of the virus.

Several measures were put in place by the Federal Government which include the implementation of travel bans, self-imposed quarantine periods and social distancing. These measures have caused material disruption to individuals, businesses and organizations 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.

As at December 31, 2021, COVID-19 has had a minimal impact on the Business Improvement Area.

Financial Statements of

**DUNDAS BUSINESS  
IMPROVEMENT AREA**

And Independent Auditors' Report thereon

Year ended December 31, 2021



KPMG LLP  
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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, 2021
- 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, 2021, 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.



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, Canada

August 4, 2022

# DUNDAS BUSINESS IMPROVEMENT AREA

## Financial Statements

Year ended December 31, 2021

### Financial Statements

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# DUNDAS BUSINESS IMPROVEMENT AREA

## Statement of Financial Position

December 31, 2021, with comparative information for 2020

	2021	2020
<b>Financial assets</b>		
Cash	\$ 79,579	\$ 70,855
Due from the City of Hamilton (note 4)	3,429	43,060
Accounts receivable	2,000	1,376
HST receivable	17,170	30,748
Investment	54,030	4,000
	<u>156,208</u>	<u>150,039</u>
<b>Financial liabilities</b>		
Accounts payable and accrued liabilities	47,174	26,142
	<u>47,174</u>	<u>26,142</u>
Net financial assets	109,034	123,897
<b>Non-Financial assets</b>		
Tangible capital assets (note 2)	-	-
Commitment (note 7)		
COVID-19 (note 8)		
Accumulated surplus (note 3)	<u>\$ 109,034</u>	<u>\$ 123,897</u>

See accompanying notes to financial statements.

On behalf of the Board:

\_\_\_\_\_ Director

\_\_\_\_\_ Director

## DUNDAS BUSINESS IMPROVEMENT AREA

### Statement of Operations

Year ended December 31, 2021, with comparative information for 2020

	Budget (note 5)	2021	2020
<b>Revenue:</b>			
Assessment levy (note 4)	\$ 170,362	\$ 159,927	\$ 175,809
City of Hamilton grants (note 4)	–	62,391	45,876
Interest	–	104	697
Federal grant (note 6)	–	3,044	4,367
Other income	49,438	3,000	763
<b>Total revenue</b>	<b>219,800</b>	<b>228,466</b>	<b>227,512</b>
<b>Expenses:</b>			
Advertising and promotion	10,809	21,858	20,968
Beautification	35,691	34,862	44,390
Buskerfest expenses	25,000	–	2,516
Economic development	3,000	3,468	495
Insurance	3,850	4,071	3,700
Member services	2,100	1,025	1,522
Office and general	7,750	4,613	3,496
Other events	–	12,919	–
Professional fees	3,500	3,908	3,383
Rent	19,000	19,649	19,753
Salaries and wages	56,000	64,737	63,216
Seasonal events	60,100	72,219	33,384
<b>Total expenses</b>	<b>226,800</b>	<b>243,329</b>	<b>196,823</b>
Annual (deficit) surplus	(7,000)	(14,863)	30,689
Accumulated surplus, beginning of year	123,897	123,897	93,208
<b>Accumulated surplus, end of year</b>	<b>\$ 116,897</b>	<b>\$ 109,034</b>	<b>\$ 123,897</b>

See accompanying notes to financial statements.

## DUNDAS BUSINESS IMPROVEMENT AREA

### Statement of Changes in Net Financial Assets

Year ended December 31, 2021, with comparative information for 2020

	2021	2020
Annual (deficit) surplus	\$ (14,863)	\$ 30,689
Net financial assets, beginning of year	123,897	93,208
Net financial assets, end of year	\$ 109,034	\$ 123,897

See accompanying notes to financial statements.

## DUNDAS BUSINESS IMPROVEMENT AREA

### Statement of Cash Flows

Year ended December 31, 2021, with comparative information for 2020

	2021	2020
Cash provided by (used in):		
Operating activities:		
Annual (deficit) surplus	\$ (14,863)	\$ 30,689
Change in non-cash assets and liabilities:		
Accounts receivable	(624)	(1,376)
HST receivable	13,578	(13,135)
Accounts payable and accrued liabilities	21,032	8,632
Net change in cash from operating activities	19,123	24,810
Investing activities:		
(Purchase) disposal of investments	(50,030)	46,000
Financing activities:		
Change in due from City of Hamilton	39,631	27,427
Net increase in cash	8,724	98,237
Cash (bank indebtedness), beginning of year	70,855	(27,382)
Cash, end of year	\$ 79,579	\$ 70,855

See accompanying notes to financial statements.

# DUNDAS BUSINESS IMPROVEMENT AREA

Notes to Financial Statements

Year ended December 31, 2021

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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.

(e) Other income:

Other income is reported as revenue in the period earned.

# DUNDAS BUSINESS IMPROVEMENT AREA

Notes to Financial Statements (continued)

Year ended December 31, 2021

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## 1. Significant accounting policies (continued):

(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
Furniture and equipment	10
Decorations	5

(g) Use of estimates:

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

(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, 2021

### 2. Tangible capital assets:

Cost	Balance at December 31, 2020	Additions	Disposals	Balance at December 31, 2021
Computer software	\$ 426	\$ —	\$ —	\$ 426
Computer hardware	1,239	—	—	1,239
Furniture and equipment	15,489	—	—	15,489
Decorations	60,934	—	—	60,934
<b>Total</b>	<b>\$ 78,088</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ 78,088</b>

Accumulated amortization	Balance at December 31, 2020	Disposals	Amortization expense	Balance at December 31, 2021
Computer software	\$ 426	\$ —	\$ —	\$ 426
Computer hardware	1,239	—	—	1,239
Furniture and equipment	15,489	—	—	15,489
Decorations	60,934	—	—	60,934
<b>Total</b>	<b>\$ 78,088</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ 78,088</b>

Net book value	December 31, 2021	December 31, 2020
Computer software	\$ —	\$ —
Computer hardware	—	—
Furniture and equipment	—	—
Decorations	—	—
<b>Total</b>	<b>\$ —</b>	<b>\$ —</b>

## DUNDAS BUSINESS IMPROVEMENT AREA

Notes to Financial Statements (continued)

Year ended December 31, 2021

### 3. Accumulated surplus:

Accumulated surplus consists of the following:

	2021	2020
Surplus:		
Operating surplus	\$ 72,076	\$ 86,939
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
	\$ 109,034	\$ 123,897

### 4. Related party transactions:

City of Hamilton:

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

	2021	2020
Revenue:		
Member levy collected on behalf of the Business Improvement Area	\$ 159,927	\$ 175,809
Expenses:		
Advertising and promotion	389	389
Beautification	5,015	9,870
Seasonal events	-	165

The City of Hamilton has also contributed \$14,565 (2020 - \$14,952) to commercial improvement programs undertaken by the Business Improvement Area, \$24,569 (2020 - \$24,569) from parking sharing revenue program and \$23,257 (2020 - \$6,355) in other grants.

At the end of the year, the Business Improvement Area had a receivable of \$15,865 (2020 - \$45,998) from the City of Hamilton for outstanding grants and member levy surplus. The Business Improvement Area had a payable \$12,436 (2020 - \$2,938) primarily for audit fee expenses and for cash received in excess of the member levy collected by the City of Hamilton.



# DUNDAS BUSINESS IMPROVEMENT AREA

Notes to Financial Statements (continued)

Year ended December 31, 2021

**5. Budget data:**

The budget data presented in these financial statements is based upon the 2021 budget approved by the Board on November 3, 2020. 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 2021 were \$226,800, of which \$7,000 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.

**6. Government transfers:**

During the year, the Business Improvement Area received a federal grant for summer students in the amount of \$3,044 (2020 - \$ 4,367).

**7. Commitment:**

The Business Improvement Area is committed under an operating lease for the rental of office space until June 30, 2022. Future minimum lease payments under this operating lease are as follows:

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2022	\$	10,572
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**8. COVID-19:**

In March 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization and has had a significant financial, market and social dislocating impact across the world. This has resulted in governments worldwide, including the Canadian and Ontario governments, enacting emergency measures to combat the spread of the virus.

Several measures were put in place by the Federal Government which include the implementation of travel bans, self-imposed quarantine periods and social distancing. These measures have caused material disruption to individuals, businesses and organizations 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.

As at December 31, 2021, COVID-19 has caused the Business Improvement Area to cancel some events.

Financial Statements of

**INTERNATIONAL VILLAGE  
BUSINESS IMPROVEMENT  
AREA**

Year ended December 31, 2021



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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, 2021,
- 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, 2021, 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

July 21, 2022

# INTERNATIONAL VILLAGE BUSINESS IMPROVEMENT AREA

Financial Statements

Year ended December 31, 2021

## Financial Statements

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Statement of Changes in Net Financial Assets	3
Statement of Cash Flows	4
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# INTERNATIONAL VILLAGE BUSINESS IMPROVEMENT AREA

## Statement of Financial Position

December 31, 2021, with comparative information for 2020

	2021	2020
<b>Financial assets</b>		
Cash	\$ 138,418	\$ 155,895
HST receivable	10,049	14,107
	<u>148,467</u>	<u>170,002</u>
<b>Financial liabilities</b>		
Accounts payable and accrued liabilities	3,613	3,303
Due to City of Hamilton (note 3)	2,175	2,567
	<u>5,788</u>	<u>5,870</u>
Net financial assets	142,679	164,132
<b>Non-financial assets</b>		
Prepaid expenses	2,420	5,405
Tangible capital assets (note 2)	7,953	2,781
	<u>10,373</u>	<u>8,186</u>
Commitments (note 5)		
COVID-19 (note 7)		
Accumulated surplus (note 4)	<u>\$ 153,052</u>	<u>\$ 172,318</u>

See accompanying notes to financial statements.

On behalf of the Board:

\_\_\_\_\_ Director

\_\_\_\_\_ Director

# INTERNATIONAL VILLAGE BUSINESS IMPROVEMENT AREA

## Statement of Operations

Year ended December 31, 2021, with comparative information for 2020

	Budget (note 6)	2021	2020
<b>Revenue:</b>			
Assessment levy (note 3)	\$ 170,000	\$ 167,736	\$ 167,943
City of Hamilton grants (note 3)	18,000	36,074	24,657
Other	-	2,000	8,868
<b>Total revenue</b>	<b>188,000</b>	<b>205,810</b>	<b>201,468</b>
<b>Expenses:</b>			
Advertising and promotion	70,000	30,957	25,796
Amortization	-	2,457	2,171
Audit fees	-	600	611
Beautification and maintenance	3,500	3,370	3,472
Board expenses	2,000	560	1,154
Commercial improvement	-	7,297	-
Contingency	5,000	3,798	-
Insurance	3,900	4,592	3,904
Interest and bank charges	3,500	3,042	3,184
Main street initiative	-	-	13,184
Member events and office	10,200	9,451	7,951
Parking program expenditures	-	11,668	-
Rent	12,900	12,503	11,597
Repairs and maintenance	1,000	1,006	414
Wages – administrative and program delivery	72,000	119,935	117,692
Telephone and internet	4,000	4,491	2,731
Shop local expenditures	-	10,000	-
Reversal of accruals in excess	-	(651)	-
<b>Total expenses</b>	<b>188,000</b>	<b>225,076</b>	<b>193,861</b>
Annual (deficit) surplus	-	(19,266)	7,607
Accumulated surplus, beginning of year	172,318	172,318	164,711
<b>Accumulated surplus, end of year</b>	<b>\$172,318</b>	<b>\$153,052</b>	<b>\$ 172,318</b>

See accompanying notes to financial statements.



## INTERNATIONAL VILLAGE BUSINESS IMPROVEMENT AREA

### Statement of Changes in Net Financial Assets

Year ended December 31, 2021, with comparative information for 2020

	2021	2020
Annual (deficit) surplus	\$ (19,266)	\$ 7,607
Decrease (increase) in prepaid expenses	2,985	(740)
Amortization of tangible capital assets	2,457	2,171
Acquisition of tangible capital assets	(7,629)	-
Change in net financial assets	(21,453)	9,038
Net financial assets, beginning of year	164,132	155,094
Net financial assets, end of year	\$ 142,679	\$ 164,132

See accompanying notes to financial statements.

# INTERNATIONAL VILLAGE BUSINESS IMPROVEMENT AREA

## Statement of Cash Flows

Year ended December 31, 2021, with comparative figures for 2020

	2021	2020
Cash provided by (used in):		
Operating activities:		
Annual (deficit) surplus	\$ (19,266)	\$ 7,607
Items not involving cash:		
Amortization	2,457	2,171
Reversal of accruals in excess	(651)	-
Change in non-cash assets and liabilities:		
HST receivable	4,058	(6,364)
Prepaid expenses	2,985	(740)
Accounts payable and accrued liabilities	961	957
Net change in cash from operating activities	(9,456)	3,631
Investing activities:		
Purchase of tangible capital assets	(7,629)	-
Financing activities:		
Change in due to/from City of Hamilton	(392)	3,936
Net (decrease) increase in cash	(17,477)	7,567
Cash, beginning of year	155,895	148,328
Cash, end of year	\$ 138,418	\$ 155,895

See accompanying notes to financial statements.

# INTERNATIONAL VILLAGE BUSINESS IMPROVEMENT AREA

Notes to Financial Statements

Year ended December 31, 2021

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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, 2021

---

## 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 exchange amount.

# INTERNATIONAL VILLAGE BUSINESS IMPROVEMENT AREA

Notes to Financial Statements (continued)

Year ended December 31, 2021

## 2. Tangible capital assets:

Cost	Balance at December 31, 2020	Additions	Disposals	Balance at December 31, 2021
Computer hardware	\$ 3,236	\$ -	\$ -	\$ 3,236
Banners	-	7,629	-	7,629
Furniture and equipment	7,187	-	-	7,187
Decorations	18,344	-	-	18,344
<b>Total</b>	<b>\$ 28,767</b>	<b>\$ 7,629</b>	<b>\$ -</b>	<b>\$ 36,396</b>

Accumulated amortization	Balance at December 31, 2020	Disposals	Amortization expense	Balance at December 31, 2021
Computer hardware	\$ 3,236	\$ -	\$ -	\$ 3,236
Banners	-	-	763	763
Furniture and equipment	7,187	-	-	7,187
Decorations	15,563	-	1,694	17,257
<b>Total</b>	<b>\$ 25,986</b>	<b>\$ -</b>	<b>\$ 2,457</b>	<b>\$ 28,443</b>

Net book value	December 31, 2020	December 31, 2021
Computer hardware	\$ -	\$ -
Banners	-	6,866
Furniture and equipment	-	-
Decorations	2,781	1,087
<b>Total</b>	<b>\$ 2,781</b>	<b>\$ 7,953</b>

(a) Contributed tangible capital assets:

The Business Improvement Area received no contributed tangible capital assets in 2021 or 2020.

(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 2020.

# INTERNATIONAL VILLAGE BUSINESS IMPROVEMENT AREA

Notes to Financial Statements (continued)

Year ended December 31, 2021

### 3. Related party transactions:

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

	2021	2020
<b>Revenue:</b>		
Member levy collected on behalf of the Business Improvement Area	\$ 167,736	\$ 167,943
Grants	36,074	24,657

The City of Hamilton contributed \$7,111 (2020 - \$6,994) to commercial improvement programs undertaken by the Business Improvement Area, \$12,363 (2020 - \$12,363) from parking revenue sharing program, \$1,300 (2020 - \$1,300) for the annual Christmas grant and \$15,300 (2020 - \$4,000) in other grants.

At the end of the year, grants of \$1,300 (2020 - \$1,300) was owing from the City of Hamilton net of \$2,265 (2020 - \$2,057) owing for the cash received in excess of member levy collected by the City and \$1,210 (2020 - \$1,810) owing for annual audit and other expenses.

### 4. Accumulated surplus:

Accumulated surplus consists of the following:

	2021	2020
<b>Surplus:</b>		
Invested in tangible capital assets	\$ 7,953	\$ 2,781
Operating	145,099	169,537
<b>Accumulated surplus</b>	<b>\$ 153,052</b>	<b>\$172,318</b>

# INTERNATIONAL VILLAGE BUSINESS IMPROVEMENT AREA

Notes to Financial Statements (continued)

Year ended December 31, 2021

---

## 5. Commitments:

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

2022	\$	13,200
2023		6,600
	\$	19,800

## 6. Budget data:

The budget data presented in these financial statements is based upon the 2021 budget approved by the Board on October 14, 2020. 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. COVID-19:

In March 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization and has had a significant financial, market and social dislocating impact across the world. This has resulted in governments worldwide, including the Canadian and Ontario governments, enacting emergency measures to combat the spread of the virus.

Several measures were put in place by the Federal Government which include the implementation of travel bans, self-imposed quarantine periods and social distancing. These measures have caused material disruption to individuals, businesses and organizations 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.

As at December 31, 2021, COVID-19 has caused the Business Improvement Area to cancel some events.

Financial Statements of

**OTTAWA STREET  
BUSINESS IMPROVEMENT AREA**

Year ended December 31, 2021





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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, 2021,
- 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, 2021, 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.

Page 3

- 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, slightly slanted style. Below the signature is a single horizontal line that starts under the 'K' and ends under the 'P'.

Chartered Professional Accountants, Licensed Public Accountants

Hamilton, Canada

October 20, 2022

# OTTAWA STREET BUSINESS IMPROVEMENT AREA

## Table of Contents

Year ended December 31, 2021

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# OTTAWA STREET BUSINESS IMPROVEMENT AREA

## Statement of Financial Position

December 31, 2021, with comparative information for 2020

	2021	2020
<b>Financial assets</b>		
Cash	\$ 80,517	\$ 84,549
Accounts receivable	850	3,395
HST receivable	13,487	27,644
Due from City of Hamilton (note 3)	–	1,662
Note receivable	5,000	5,000
	<u>99,854</u>	<u>122,250</u>
<b>Financial liabilities</b>		
Accounts payable and accrued liabilities	11,580	7,422
Due to City of Hamilton (note 3)	1,932	–
	<u>13,512</u>	<u>7,422</u>
Net financial assets	86,342	114,828
<b>Non-financial assets</b>		
Tangible capital assets (note 2)	58,387	78,903
Prepaid expenses	239	–
	<u>58,626</u>	<u>78,903</u>
Commitment (note 5)		
COVID-19 (note 7)		
Accumulated surplus (note 4)	\$ 144,968	\$ 193,731

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, 2021, with comparative information for 2020

	Budget (Note 6)	2021	2020
<b>Revenue:</b>			
Assessment levy (note 3)	\$ 133,000	\$ 130,611	\$ 134,205
City of Hamilton grants (note 3)	21,000	28,185	36,276
Farmer's market	4,400	4,250	3,395
Other income	30,850	8,775	2,742
<b>Total revenue</b>	<b>189,250</b>	<b>171,821</b>	<b>176,618</b>
<b>Expenses:</b>			
Advertising and promotion	32,250	44,638	19,341
Administrative services	35,500	9,628	8,483
Amortization	—	21,216	20,557
Bad debts	—	3,395	—
Beautification	31,900	32,838	11,798
Insurance	3,500	3,034	3,024
Office	—	1,412	1,070
Project costs	54,200	23,286	11,066
Rent	31,900	20,497	22,030
Salaries	—	39,396	32,956
Write-off of HST receivable	—	21,244	—
<b>Total expenses</b>	<b>189,250</b>	<b>220,584</b>	<b>130,325</b>
<b>Annual (deficit) surplus</b>	<b>—</b>	<b>(48,763)</b>	<b>46,293</b>
<b>Accumulated surplus, beginning of year</b>	<b>193,731</b>	<b>193,731</b>	<b>147,438</b>
<b>Accumulated surplus, end of year</b>	<b>\$ 193,731</b>	<b>\$ 144,968</b>	<b>\$ 193,731</b>

See accompanying notes to financial statements.

## OTTAWA STREET BUSINESS IMPROVEMENT AREA

### Statement of Changes in Net Financial Assets

Year ended December 31, 2021, with comparative information for 2020

	2021	2020
Annual (deficit) surplus	\$ (48,763)	\$ 46,293
Acquisition of tangible capital assets	(700)	(10,934)
Amortization of tangible capital assets	21,216	20,557
Change in prepaid expenses	(239)	-
Change in net financial assets	(28,486)	55,916
Net financial assets, beginning of year	114,828	58,912
Net financial assets, end of year	\$ 86,342	\$ 114,828

See accompanying notes to financial statements.

## OTTAWA STREET BUSINESS IMPROVEMENT AREA

### Statement of Cash Flows

Year ended December 31, 2021, with comparative information for 2020

	2021	2020
Cash provided by (used in):		
Operating activities:		
Annual (deficit) surplus	\$ (48,763)	\$ 46,293
Items not involving cash:		
Amortization	21,216	20,557
Changes in non-cash assets and liabilities:		
Accounts receivable	2,545	(1,698)
HST receivable	14,157	5,797
Note receivable	-	(5,000)
Accounts payable and accrued liabilities	4,158	(31,317)
Prepaid expenses	(239)	-
Net change in cash from operating activities	(6,926)	34,632
Capital activities:		
Cash used to acquire tangible capital assets	(700)	(10,934)
Financing activities:		
Change in due to/from City of Hamilton	3,594	(2,443)
(Decrease) increase in cash	(4,032)	21,255
Cash, beginning of year	84,549	63,294
Cash, end of year	\$ 80,517	\$ 84,549

See accompanying notes to financial statements.



# OTTAWA STREET BUSINESS IMPROVEMENT AREA

Notes to Financial Statements

Year ended December 31, 2021

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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, 2021

## 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.

(g) Note receivable:

Note receivable is valued at cost. Recoverability is assessed annually, and a valuation allowance is recorded when recoverability has been impaired. Note receivable is written off when it is no longer recoverable. Interest revenue is recognized as it is earned.

## OTTAWA STREET BUSINESS IMPROVEMENT AREA

Notes to Financial Statements (continued)

Year ended December 31, 2021

### 2. Tangible capital assets:

Cost	Balance at December 31, 2020	Additions	Disposals	Balance at December 31, 2021
Computers	\$ 5,731	\$ -	\$ -	\$ 5,731
Decorations	60,407	-	-	60,407
Furniture and equipment	109,341	700	-	110,041
Leasehold improvements	5,848	-	-	5,848
<b>Total</b>	<b>\$ 181,327</b>	<b>\$ 700</b>	<b>\$ -</b>	<b>\$ 182,027</b>

Accumulated amortization	Balance at December 31, 2020	Disposals	Amortization expense	Balance at December 31, 2021
Computers	\$ 2,839	\$ -	\$ 810	\$ 3,649
Decorations	34,216	-	8,921	43,137
Furniture and equipment	60,686	-	10,969	71,655
Leasehold improvements	4,683	-	516	5,199
<b>Total</b>	<b>\$ 102,424</b>	<b>\$ -</b>	<b>\$ 21,216</b>	<b>\$ 123,640</b>

Net book value	December 31, 2020	December 31, 2021
Computers	\$ 2,892	\$ 2,082
Decorations	26,191	17,270
Furniture and equipment	48,655	38,386
Leasehold improvements	1,165	649
<b>Total</b>	<b>\$ 78,903</b>	<b>\$ 58,387</b>

(a) Contributed tangible capital assets:

The Business Improvement Area received no contributed tangible capital assets in 2021 or 2020.

(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 in 2020.

# OTTAWA STREET BUSINESS IMPROVEMENT AREA

Notes to Financial Statements (continued)

Year ended December 31, 2021

### 3. Related party transactions:

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

Revenue:

	2021	2020
Member levy collected on behalf of the Ottawa Street Business Improvement Area	\$ 130,611	\$ 134,205
City of Hamilton grants	28,185	36,276

The City of Hamilton has contributed \$nil (2020 - \$13,110) to commercial improvement programs undertaken by the Business Improvement Area, \$16,885 (2020 - \$16,885) from parking sharing revenue program and \$11,300 (2020 - \$6,281) in other grants.

At the end of the year, the Business Improvement Area had a receivable of \$1,300 (2020 - \$2,082) from the City of Hamilton for outstanding grants. The Business Improvement Area had a payable of \$2,812 (2020 - \$nil) for member levy deficit as well as a payable for the audit fees of \$420 (2020 - \$420).

### 4. Accumulated surplus:

Accumulated surplus consists of the following:

	2021	2020
Surplus:		
Invested in tangible capital assets	\$ 58,387	\$ 78,903
Operating	86,581	114,828
Accumulated surplus	\$ 144,968	\$ 193,731

### 5. Commitment:

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

2022	\$	23,052
2023		7,684
	\$	30,736

# OTTAWA STREET BUSINESS IMPROVEMENT AREA

Notes to Financial Statements (continued)

Year ended December 31, 2021

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## 6. Budget data:

The budget data presented in these financial statements is based upon the 2021 budget approved by the Board on September 10, 2020. 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. COVID-19:

In March 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization and has had a significant financial, market and social dislocating impact across the world. This has resulted in governments worldwide, including the Canadian and Ontario governments, enacting emergency measures to combat the spread of the virus.

Several measures were put in place by the Federal Government which include the implementation of travel bans, self-imposed quarantine periods and social distancing. These measures have caused material disruption to individuals, businesses and organizations 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.

As at December 31, 2021, COVID-19 has caused the Business Improvement Area to cancel some events. 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 outcome and timeframe to a recovery from the current pandemic is undeterminable, thus it is not practicable to estimate and disclose its financial effect on future operations at this time.

Financial Statements of

**WATERDOWN BUSINESS  
IMPROVEMENT AREA**

Year ended December 31, 2021



KPMG LLP  
Commerce Place  
21 King Street West, Suite 700  
Hamilton ON L8P 4W7  
Canada  
Tel 905-523-8200  
Fax 905-523-2222

## 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, 2021,
- 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, 2021, 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.





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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.

*KPMG LLP*

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Chartered Professional Accountants, Licensed Public Accountants

Hamilton, Canada

October 26, 2022

# **WATERDOWN BUSINESS IMPROVEMENT AREA**

## Financial Statements

Year ended December 31, 2021

### Financial Statements

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# WATERDOWN BUSINESS IMPROVEMENT AREA

## Statement of Financial Position

December 31, 2021, with comparative information for 2020

	2021	2020
<b>Financial assets</b>		
Cash	\$ 111,454	\$ 100,280
Accounts receivable	2,016	-
Investments (note 4)	63,838	63,640
HST receivable	15,987	15,556
	<u>193,295</u>	<u>179,476</u>
<b>Financial liabilities</b>		
Accounts payable and accrued liabilities	21,608	10,544
Due to City of Hamilton (note 3)	16,010	993
	<u>37,618</u>	<u>11,537</u>
Net financial assets	155,677	167,939
<b>Non-financial assets</b>		
Tangible capital assets (note 2)	29,777	42,136
Prepaid expenses	3,568	3,504
	<u>33,345</u>	<u>45,640</u>
Commitments (note 6)		
COVID-19 (note 8)		
Accumulated surplus (note 5)	\$ 189,022	\$ 213,579

See accompanying notes to financial statements.

On behalf of the Board:

\_\_\_\_\_  
Director

\_\_\_\_\_  
Director

## WATERDOWN BUSINESS IMPROVEMENT AREA

### Statement of Operations

Year ended December 31, 2021, with comparative information for 2020

	Budget (note 7)	2021	2020
<b>Revenues:</b>			
Assessment levy (note 3)	\$ 250,000	\$ 233,117	\$ 248,135
City of Hamilton grants (note 3)	6,500	18,862	10,810
Federal grant – summer jobs	–	7,886	3,920
Other income	82,390	27,517	2,426
<b>Total revenue</b>	<b>338,890</b>	<b>287,382</b>	<b>265,291</b>
<b>Expenses:</b>			
Advertising and promotion	54,025	33,508	22,083
Amortization	–	15,891	21,868
Christmas tree of hope	–	–	2,630
Festival and parades	49,615	44,067	35,582
Insurance	5,700	2,805	5,002
Wages and benefits	87,500	94,219	89,363
Memberships, conferences, and seminars	5,350	1,626	1,975
Office and general expenses	16,500	13,833	10,683
Professional fees	2,800	2,051	1,977
Rent	30,400	33,665	32,013
Streetscaping and decorations	87,000	66,846	73,627
Loss on disposal of assets	–	3,428	–
<b>Total expenses</b>	<b>338,890</b>	<b>311,939</b>	<b>296,803</b>
<b>Annual deficit</b>	<b>–</b>	<b>(24,557)</b>	<b>(31,512)</b>
Accumulated surplus, beginning of year	213,579	213,579	245,091
<b>Accumulated surplus, end of year</b>	<b>\$ 213,579</b>	<b>\$ 189,022</b>	<b>\$ 213,579</b>

See accompanying notes to financial statements.

## WATERDOWN BUSINESS IMPROVEMENT AREA

### Statement of Changes in Net Financial Assets

Year ended December 31, 2021, with comparative information for 2020

	2021	2020
Annual deficit	\$ (24,557)	\$ (31,512)
Decrease in tangible capital assets	12,359	21,867
(Increase) decrease in prepaid expenses	(64)	2,281
Change in net financial assets	(12,262)	(7,364)
Net financial assets, beginning of year	167,939	175,303
Net financial assets, end of year	\$ 155,677	\$ 167,939

See accompanying notes to financial statements.

## WATERDOWN BUSINESS IMPROVEMENT AREA

### Statement of Cash Flows

Year ended December 31, 2021, with comparative information for 2020

	2021	2020
Cash provided by (used in):		
Operating activities:		
Annual deficit	\$ (24,557)	\$ (31,512)
Items not involving cash:		
Amortization	15,891	21,867
Loss on disposal of assets	3,428	-
Changes in non-cash assets and liabilities:		
HST receivable	(431)	(1,897)
Accounts receivable	(2,016)	-
Prepaid expenses	(64)	2,281
Accounts payable and accrued liabilities	11,064	(798)
Net change in cash from operating activities	3,315	(10,059)
Capital activities:		
Cash used to acquire tangible capital assets	(6,960)	-
Investing activities:		
(Acquisition) disposal of investments	(198)	8,824
Financing activities:		
Change in due to City of Hamilton	15,017	(8,013)
Increase (decrease) in cash	11,174	(9,248)
Cash, beginning of year	100,280	109,528
Cash, end of year	\$ 111,454	\$ 100,280

See accompanying notes to financial statements.

# WATERDOWN BUSINESS IMPROVEMENT AREA

Notes to Financial Statements

Year ended December 31, 2021

---

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, 2021

## 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, 2021

### 2. Tangible capital assets:

Cost	Balance at December 31, 2020	Additions	Disposals	Balance at December 31, 2021
Furniture and equipment	\$ 121,309	\$ -	\$ -	\$ 121,309
Leasehold improvements	20,739	-	(20,739)	-
Computer equipment	5,139	-	-	5,139
Banners	15,142	6,960	(15,144)	6,958
Gateway signs	11,429	-	-	11,429
<b>Total</b>	<b>173,758</b>	<b>6,960</b>	<b>(35,883)</b>	<b>144,835</b>

Accumulated amortization	Balance at December 31, 2020	Disposals	Amortization expense	Balance at December 31, 2021
Furniture and equipment	\$ 88,628	\$ -	\$ 12,129	\$ 100,757
Leasehold improvements	20,739	(20,739)	-	-
Computer equipment	4,826	-	313	5,139
Banners	11,714	(11,716)	1,161	1,159
Gateway signs	5,715	-	2,288	8,003
<b>Total</b>	<b>131,622</b>	<b>(32,455)</b>	<b>15,891</b>	<b>115,058</b>

Net book value	December 31, 2020	December 31, 2021
Furniture and equipment	\$ 32,681	\$ 20,552
Leasehold improvements	-	-
Computer equipment	313	-
Banners	3,428	5,799
Gateway signs	5,714	3,426
<b>Total</b>	<b>42,136</b>	<b>29,777</b>

(a) Contributed tangible capital assets:

The Business Improvement Area received no contributed tangible capital assets in 2021 or 2020.

(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, 2021

## 2. Tangible capital assets (continued):

### (c) Write-down of tangible capital assets:

The Business Improvement Area has recorded \$3,428 (2020 - \$nil) in write-downs of tangible capital assets in 2021.

## 3. Related party transactions:

### (a) City of Hamilton:

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

	2021	2020
Revenue:		
Member levy collected on behalf of the Business Improvement Area	\$ 233,217	\$ 248,135
City of Hamilton grants	18,862	10,810

The City of Hamilton has also contributed \$5,582 (2020 – \$5,510) to commercial improvement programs undertaken by the Business Improvement Area and \$13,280 (2020 – \$5,300) in other grants.

At the end of the year, the Business Improvement Area had a payable to the City of Hamilton of \$16,883 (2020 – \$1,866) for the deficit of the member levy collected by the City of Hamilton as well as \$427 (2020 – \$427) for the annual audit accrual net of \$1,300 (2020 – \$1,300) receivable for the annual 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:

	2021	2020
Revenue:		
Sponsorships	\$ 1,500	\$ –
Expenses:		
Professional fees	\$ 1,624	\$ 1,550
Advertising and promotion	300	100

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, 2021

## 4. Investments:

Investments reported in the Statement of Financial Position consist of guaranteed investment certificates ("GIC") and are reported at amortized cost. The Business Improvement Area purchased the GIC in December 2021 with a maturity date in March 2022. As at December 31, 2021, cost approximated the market value of the GIC and interest income has been accrued in the amount of \$198 (2020 – \$47).

## 5. Accumulated surplus:

Accumulated surplus consists of balances as follows at December 31:

	2021	2020
Surplus:		
Invested in tangible capital assets	\$ 29,777	\$ 42,136
Operating fund	109,245	111,443
	<u>139,022</u>	<u>153,579</u>
Reserve funds set aside by Waterdown Business Improvement Area:		
Marketing and advertising	50,000	60,000
	<u>\$ 189,022</u>	<u>\$ 213,579</u>

## 6. Commitments:

The Business Improvement Area is committed under an operating lease for the rental of office space and farmer's market space until November 30, 2024. Future minimum lease payments under this operating lease are as follows:

2022	\$ 35,106
2023	35,721
2024	33,261
	<u>\$ 104,088</u>

## 7. Budget data:

The budget data presented in these financial statements is based upon the 2021 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.

# WATERDOWN BUSINESS IMPROVEMENT AREA

Notes to Financial Statements (continued)

Year ended December 31, 2021

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## 8. COVID-19:

In March 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization and has had a significant financial, market and social dislocating impact across the world. This has resulted in governments worldwide, including the Canadian and Ontario governments, enacting emergency measures to combat the spread of the virus.

Several measures were put in place by the Federal Government which include the implementation of travel bans, self-imposed quarantine periods and social distancing. These measures have caused material disruption to individuals, businesses and organizations 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.

As at December 31, 2021, COVID-19 has caused the Business Improvement Area to cancel some events. 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 outcome and timeframe to a recovery from the current pandemic is undeterminable, thus it is not practicable to estimate and disclose its financial effect on future operations at this time.