

Financial Statements of

**ANCASTER BUSINESS
IMPROVEMENT AREA**

Year ended December 31, 2020



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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, 2020,
- 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, 2020, and its results of operations, its changes in net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

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

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

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



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

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

We also:

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

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

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



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

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

Hamilton, Canada

June 21, 2021

ANCASTER BUSINESS IMPROVEMENT AREA

Financial Statements

Year ended December 31, 2020

Financial Statements

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ANCASTER BUSINESS IMPROVEMENT AREA

Statement of Financial Position

December 31, 2020, with comparative information for 2019

	2020	2019
Financial assets		
Cash	\$ 116,079	\$ 103,617
HST receivable	5,613	7,712
Due from City of Hamilton (note 2)	99	4,334
	<u>121,791</u>	<u>115,663</u>
Financial liabilities		
Accounts payable and accrued liabilities	10,592	9,287
Net financial assets	<u>111,199</u>	<u>106,376</u>
Non-financial assets		
Tangible capital assets (note 3)	4,199	2,834
Prepaid expenses	2,600	1,821
	<u>6,799</u>	<u>4,655</u>
COVID-19 (note 7)		
Accumulated surplus (note 4)	<u>\$ 117,998</u>	<u>\$ 111,031</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, 2020, with comparative information for 2019

	Budget (note 5)	2020	2019
Revenues:			
Assessment levy (note 2)	\$ 98,000	\$ 97,227	\$ 97,062
City of Hamilton grants (note 2)	-	16,334	24,284
Government of Canada grants (note 6)	-	6,757	10,080
Farmer's Market income (note 2)	-	23,037	33,009
Other income	-	6,357	10
Total revenues	98,000	149,712	164,445
Expenses:			
Advertising and promotion	43,500	47,544	26,124
Amortization	-	1,035	969
Ancaster Farmer's Market	-	26,494	24,547
Bank charges and interest	-	336	625
Beautification	10,000	13,084	35,053
Business taxes	-	229	366
Donations	-	-	5,000
Insurance	-	2,169	2,217
Office expenses	-	291	-
Professional fees	-	427	435
Salaries	40,000	51,136	53,385
Miscellaneous	4,500	-	-
Total expenses	98,000	142,745	148,721
Annual surplus	-	6,967	15,724
Accumulated surplus, beginning of year	111,031	111,031	95,307
Accumulated surplus, end of year	\$ 111,031	\$ 117,988	\$ 111,031

See accompanying notes to financial statements.

ANCASTER BUSINESS IMPROVEMENT AREA

Statement of Changes in Net Financial Assets

Year ended December 31, 2020, with comparative information for 2019

	2020	2019
Annual surplus	\$ 6,967	\$ 15,724
Acquisition of TCA	(2,400)	-
Amortization of tangible capital assets	1,035	969
Increase in prepaid expenses	(779)	(720)
Change in net financial assets	4,823	15,973
Net financial assets, beginning of year	106,376	90,403
Net financial assets, end of year	\$ 111,199	\$ 106,376

See accompanying notes to financial statements.

ANCASTER BUSINESS IMPROVEMENT AREA

Statement of Cash Flows

Year ended December 31, 2020, with comparative information for 2019

	2020	2019
Cash provided by (used in):		
Operating activities:		
Annual surplus	\$ 6,967	\$ 15,724
Items not involving cash:		
Amortization	1,035	969
Changes in non-cash operating working capital:		
Prepaid expenses	(779)	(720)
HST receivable	2,099	(4,228)
Accounts payable and accrued liabilities	1,305	3,014
Net change in cash from operating activities	10,627	14,759
Financing activities:		
Change in due from City of Hamilton	4,235	7,429
Cash used to acquire PPE	(2,400)	-
Increase in cash	12,462	22,188
Cash, beginning of year	103,617	81,429
Cash, end of year	\$ 116,079	\$ 103,617

See accompanying notes to financial statements.

ANCASTER BUSINESS IMPROVEMENT AREA

Notes to Financial Statements

Year ended December 31, 2020

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, 2020

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, 2020

2. Related party transactions:

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

	2020	2019
Revenue:		
Member levy collected on behalf of the Business Improvement Area	\$ 97,227	\$ 97,062
Expenses:		
Beautification	5,892	5,289

The City of Hamilton has also contributed \$5,550 (2019 - \$5,779) to commercial improvement programs undertaken by the Business Improvement Area, \$5,283 (2019 - \$5,939) from parking revenue sharing program, and \$5,501 (2019 - \$12,566) in other miscellaneous grants. An additional grant received of \$3,000 (2019 - \$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 \$1,300 (2019 - \$4,761) was receivable from the City of Hamilton. The amount recorded in due from the City of Hamilton also includes a payable to the City of Hamilton of \$427 (2019 - \$427) for expenses paid by the City of Hamilton on behalf of the Business Improvement Area and \$774 (2019 - \$nil) for cash received in excess of the member levy collected by the City of Hamilton.

ANCASTER BUSINESS IMPROVEMENT AREA

Notes to Financial Statements (continued)

Year ended December 31, 2020

3. Tangible capital assets:

Cost	Balance at December 31, 2019	Additions	Disposals	Balance at December 31, 2020
Decorations	\$ 34,940	\$ -	\$ 18,895	\$ 16,045
Computers	2,068	2,400	1,475	2,993
Furniture	7,945	-	-	7,945
Total	\$ 44,953	\$ 2,400	\$ 20,370	\$ 26,983

Accumulated amortization	Balance at December 31, 2019	Disposals	Amortization expense	Balance at December 31, 2020
Decorations	\$ 34,940	\$ 18,895	\$ -	\$ 16,045
Computers	2,068	1,475	240	833
Furniture	5,111	-	795	5,906
Total	\$ 42,119	\$ 20,370	\$ 1,035	\$ 22,784

Net book value	December 31, 2019	December 31, 2020
Decorations	\$ -	\$ -
Computers	-	2,160
Furniture	2,834	2,039
Total	\$ 2,834	\$ 4,199

(a) Contributed tangible capital assets:

The Business Improvement Area received \$nil (2019 - \$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, 2020

4. Accumulated surplus:

Accumulated surplus consists of the following:

	2020	2019
Surplus:		
Invested in tangible capital assets	\$ 4,199	\$ 2,834
Operating	113,799	108,197
	\$ 117,998	\$ 111,031

5. Budget data:

The budget data presented in these financial statements is based upon the 2020 budget approved by the Board on June 23, 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 \$6,757 (2019 - \$10,080) 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.

ANCASTER BUSINESS IMPROVEMENT AREA

Notes to Financial Statements (continued)

Year ended December 31, 2020

7. COVID-19 (continued):

As at December 31, 2020, COVID-19 impacted Farmer's Market Income. 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 ultimate outcome duration of the pandemic and timeframe to a recovery is undeterminable, thus it is not practicable to estimate and disclose its financial effect on future operations at this time.

Financial Statements of

**BARTON VILLAGE
BUSINESS IMPROVEMENT
AREA**

Year ended December 31, 2020



KPMG LLP
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INDEPENDENT AUDITORS' REPORT

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

Opinion

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

- the statement of financial position as at December 31, 2020,
- 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, 2020, and its results of operations, its changes in net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

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

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

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



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

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

We also:

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

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

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



Page 3

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

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

Hamilton, Canada

September 27, 2021

BARTON VILLAGE BUSINESS IMPROVEMENT AREA

Financial Statements

Year ended December 31, 2020

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BARTON VILLAGE BUSINESS IMPROVEMENT AREA

Statement of Financial Position

December 31, 2020, with comparative information for 2019

	2020	2019
Financial assets		
Cash	\$ 20,083	\$ 49,496
Accounts receivable	18,233	2,831
HST receivable	4,430	5,107
Due from City of Hamilton (note 3)	32,437	12,311
	<u>75,183</u>	<u>69,745</u>
Financial liabilities		
Accounts payable and accrued liabilities	3,103	3,252
Deferred revenue	13,664	-
Net financial assets	<u>58,416</u>	<u>66,493</u>
Non-financial assets		
Tangible capital assets (note 2)	13,015	19,432
Prepaid expenses	2,361	216
	<u>15,376</u>	<u>19,648</u>
Commitment (note 5)		
COVID-19 (note 7)		
Accumulated surplus (note 4)	<u>\$ 73,792</u>	<u>\$ 86,141</u>

See accompanying notes to financial statements.

On behalf of the Board:

_____ Director

_____ Director

BARTON VILLAGE BUSINESS IMPROVEMENT AREA

Statement of Operations

Year ended December 31, 2020, with comparative information for 2019

	Budget (note 6)	2020	2019
Revenue:			
Assessment levy (note 3)	\$ 68,865	\$ 75,758	\$ 65,687
City of Hamilton grants (note 3)	92,000	23,186	46,893
Festival income	4,500	16,495	14,799
Federal grant – Canada summer jobs	-	24,022	19,950
Other income	-	2,096	-
Total revenue	165,365	141,557	147,329
Expenses:			
Advertising and promotion	29,760	5,370	8,088
Amortization	-	6,417	6,445
Bank charges	150	220	551
Commercial improvement	25,700	9,112	6,340
Event equipment and supplies	1,000	368	513
Insurance	2,500	1,683	2,409
Meetings and business development	2,850	1,698	3,231
Office expenses	6,506	6,343	5,773
Professional fees	3,200	432	475
Rent	18,000	15,750	8,650
Salaries – administrative	39,699	88,826	67,119
Festival expenses	36,000	8,530	24,710
COVID support	-	9,157	-
Total expenses	165,365	153,906	134,304
Annual (deficit) surplus	-	(12,349)	13,025
Accumulated surplus, beginning of year	86,141	86,141	73,116
Accumulated surplus, end of year	\$ 86,141	\$ 73,792	\$ 86,141

See accompanying notes to financial statements.

BARTON VILLAGE BUSINESS IMPROVEMENT AREA

Statement of Changes in Net Financial Assets

Year ended December 31, 2020, with comparative information for 2019

	2020	2019
Annual (deficit) surplus	\$ (12,349)	\$ 13,025
Amortization of tangible capital assets	6,417	6,445
Acquisition of tangible capital assets	-	(6,594)
(Increase) decrease in prepaid expenses	(2,145)	-
Change in net financial assets	(8,077)	12,876
Net financial assets, beginning of year	66,493	53,617
Net financial assets, end of year	\$ 58,416	\$ 66,493

See accompanying notes to financial statements.

BARTON VILLAGE BUSINESS IMPROVEMENT AREA

Statement of Cash Flows

Year ended December 31, 2020, with comparative information for 2019

	2020	2019
Cash provided by (used in):		
Operating activities:		
Annual (deficit) surplus	\$ (12,349)	\$ 13,025
Items not involving cash:		
Amortization	6,417	6,445
Changes in non-cash assets and liabilities:		
Accounts payable and accrued liabilities	(149)	(3,238)
HST receivable	677	2,706
Accounts receivable	(15,402)	(2,726)
Deferred revenue	13,664	-
Prepaid expenses	(2,145)	-
Net change in cash from operating activities	(9,287)	16,212
Capital activities:		
Cash used to acquire tangible capital assets	-	(6,594)
Financing activities:		
Change in due from City of Hamilton	(20,126)	(3,586)
Net (decrease) increase in cash	(29,413)	6,032
Cash, beginning of year	49,496	43,464
Cash, end of year	\$ 20,083	\$ 49,496

See accompanying notes to financial statements.

BARTON VILLAGE BUSINESS IMPROVEMENT AREA

Notes to Financial Statements

Year ended December 31, 2020

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

1. Significant accounting policies:

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

(a) Basis of accounting:

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

(b) Cash and cash equivalents:

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

(c) Government transfers:

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

(d) Other income:

Other income is reported as revenue in the period earned.

BARTON VILLAGE BUSINESS IMPROVEMENT AREA

Notes to Financial Statements (continued)

Year ended December 31, 2020

1. Significant accounting policies (continued):

(e) Non-financial assets:

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

(i) Tangible capital assets:

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

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

(f) Use of estimates:

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

(g) Related party transactions:

Transactions with related parties are measured at the carrying amount.

BARTON VILLAGE BUSINESS IMPROVEMENT AREA

Notes to Financial Statements (continued)

Year ended December 31, 2020

2. Tangible capital assets:

Cost	Balance at December 31, 2019	Additions	Disposals	Balance at December 31, 2020
Computer hardware	\$ 4,156	\$ -	\$ -	\$ 4,156
Decorations	46,323	-	-	46,323
Furniture and equipment	15,886	-	-	15,886
Total	\$ 66,365	\$ -	\$ -	\$ 66,365

Accumulated amortization	Balance at December 31, 2019	Disposals	Amortization expense	Balance at December 31, 2020
Computer hardware	\$ 2,655	\$ -	\$ 527	\$ 3,182
Decorations	34,602	-	4,571	39,173
Furniture and equipment	9,676	-	1,319	10,995
Total	\$ 46,933	\$ -	\$ 6,417	\$ 53,350

	Net book value December 31, 2019	Net book value December 31, 2020
Computer hardware	\$ 1,501	\$ 974
Decorations	11,721	7,150
Furniture and equipment	6,210	4,891
Total	\$ 19,432	\$ 13,015

(a) Contributed tangible capital assets:

The Business Improvement Area received no contributed tangible capital assets in 2020 or 2019.

(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 2019.

BARTON VILLAGE BUSINESS IMPROVEMENT AREA

Notes to Financial Statements (continued)

Year ended December 31, 2020

3. Related party transactions:

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

	2020	2019
Revenue:		
Member levy collected on behalf of the Business Improvement Area	\$ 75,758	\$ 65,687
Grants	23,186	46,893
Expenses:		
Commercial improvement	3,099	3,242
Festival expenses	1,493	768
Advertising and promotion	-	1,000

The City of Hamilton has also contributed \$6,222 (2019 - \$6,233) to commercial improvement programs undertaken by the Business Improvement Area, \$10,192 (2019 - \$11,437) from parking sharing revenue program, \$1,300 (2019 - \$1,200) for the annual Christmas grant and \$5,472 (2019 - \$28,023) in other grants.

At the end of the year, the Business Improvement Area had a receivable from the City of Hamilton of \$32,437 (2019 - \$12,311) which includes \$29,151 (2019 - \$12,637) in outstanding grants, \$6,793 (2019 - \$101) of member levy surplus net of the annual audit accrual of \$427 (2019 - \$427) and of other expenses in the amount of \$3,080 (2019 - \$nil).

4. Accumulated surplus:

Accumulated surplus consists of the following:

	2020	2019
Surplus:		
Invested in tangible capital assets	\$ 13,015	\$ 19,433
Operating	60,777	66,708
Accumulated surplus	\$ 73,792	\$ 86,141

BARTON VILLAGE BUSINESS IMPROVEMENT AREA

Notes to Financial Statements (continued)

Year ended December 31, 2020

5. Commitment:

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

2021	\$	23,052
2022		12,204
	\$	35,256

6. Budget data:

The budget data presented in these financial statements is based upon the 2020 budget approved by the Board on September 26, 2019. Amortization and acquisitions of tangible capital assets were not contemplated on development of the budget and, as such, were not provided on the statement of changes in net financial assets.

7. 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, 2020, 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

**CONCESSION STREET
BUSINESS IMPROVEMENT AREA**

Year ended December 31, 2020



KPMG LLP
Commerce Place
21 King Street West, Suite 700
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Canada
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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, 2020,
- 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, 2020, 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'. The signature is written in a cursive, slightly slanted style. Below the signature is a horizontal line that starts under the 'K' and ends under the 'P', with a small upward tick at the end.

Chartered Professional Accountants, Licensed Public Accountants

Hamilton, Canada

October 21, 2021

CONCESSION STREET BUSINESS IMPROVEMENT AREA

Financial Statements

Year ended December 31, 2020

Financial Statements

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CONCESSION STREET BUSINESS IMPROVEMENT AREA

Statement of Financial Position

December 31, 2020, with comparative information for 2019

	2020	2019
Financial assets		
Cash	\$ 48,812	\$ 28,574
Due from City of Hamilton (note 4)	13,845	934
HST receivable	14,825	7,733
Investments	50,000	90,000
	<u>127,482</u>	<u>127,241</u>
Financial liabilities		
Accounts payable and accrued liabilities	14,872	3,245
Deferred revenue	2,170	-
Net financial assets	<u>110,440</u>	<u>123,996</u>
Non-financial assets		
Tangible capital assets (note 2)	6,148	3,536
Prepaid expenses	1,077	1,077
	<u>7,225</u>	<u>4,613</u>
Commitment (note 6)		
COVID-19 (note 8)		
Accumulated surplus (note 3)	<u>\$ 117,665</u>	<u>\$ 128,609</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, 2020, with comparative information for 2019

	Budget (note 5)	2020	2019
Revenue:			
Assessment levy (note 4)	\$ 115,499	\$ 115,499	\$ 115,033
City of Hamilton grants (note 4)	-	44,854	57,884
Other income	-	1,669	21,938
Total revenue	115,499	162,022	194,855
Expenses:			
Advertising and promotion	10,000	29,050	17,424
Amortization	-	2,754	11,015
Contract services	-	14,007	-
Donations	-	-	2,500
Festivals	25,800	16,240	56,779
General beautification and improvements (note 4)	14,425	18,600	11,722
Insurance	5,000	4,017	4,780
Interest and bank charges	-	149	201
Meals and entertainment	-	-	151
Miscellaneous	-	718	401
Office and general (note 4)	3,600	19,604	4,838
Professional fees	1,500	1,607	949
Rent	7,469	6,238	6,053
Repairs and maintenance	-	124	325
Revitalization	-	12,100	9,065
Salaries and wages	46,605	46,627	42,428
Tickets	-	-	2,827
Utilities	1,100	1,131	862
Total expenses	115,499	172,966	172,320
Annual (deficit) surplus	-	(10,944)	22,535
Accumulated surplus, beginning of year	128,609	128,609	106,074
Accumulated surplus, end of year	\$ 128,609	\$ 117,665	\$ 128,609

See accompanying notes to financial statements.

CONCESSION STREET BUSINESS IMPROVEMENT AREA

Statement of Changes in Net Financial Assets

Year ended December 31, 2020, with comparative information for 2019

	2020	2019
Annual (deficit) surplus	\$ (10,944)	\$ 22,535
Acquisition of tangible capital assets	(5,366)	(2,450)
Amortization of tangible capital assets	2,754	11,015
Increase in prepaid expenses	-	(47)
Change in net financial assets	(13,556)	31,053
Net financial assets, beginning of year	123,996	92,943
Net financial assets, end of year	\$ 110,440	\$ 123,996

See accompanying notes to financial statements.

CONCESSION STREET BUSINESS IMPROVEMENT AREA

Statement of Cash Flows

Year ended December 31, 2020, with comparative information for 2019

	2020	2019
Cash provided by (used in):		
Operating activities:		
Annual (deficit) surplus	\$ (10,944)	\$ 22,535
Items not involving cash:		
Amortization	2,754	11,015
Changes in non-cash assets and liabilities:		
HST receivable	(7,092)	(966)
Accounts payable and accrued liabilities	11,627	(137)
Accounts payable and accrued liabilities	2,170	-
Prepaid expenses	-	(47)
Net change in cash from operating activities	(1,485)	32,400
Capital activities:		
Cash used to acquire tangible capital assets	(5,366)	(2,450)
Financing activities:		
Change in due from City of Hamilton	(12,911)	3,934
Decrease (increase) in investments	40,000	(90,000)
	27,089	(86,066)
Net increase (decrease) in cash	20,238	(56,116)
Cash, beginning of year	28,574	84,690
Cash, end of year	\$ 48,812	\$ 28,574

See accompanying notes to financial statements.

CONCESSION STREET BUSINESS IMPROVEMENT AREA

Notes to Financial Statements

Year ended December 31, 2020

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, 2020

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, 2020

2. Tangible capital assets:

Cost	Balance at December 31, 2019	Additions	Disposals	Balance at December 31, 2020
Computer hardware	\$ 1,470	\$ 1,765	\$ -	\$ 3,235
Furniture and equipment	8,930	-	-	8,930
Revitalization	2,450	-	-	2,450
Banners	-	3,601	-	3,601
Total	\$ 12,850	\$ 5,366	\$ -	\$ 18,216

Accumulated amortization	Balance at December 31, 2019	Disposals	Amortization expense	Balance at December 31, 2020
Computer hardware	\$ 1,375	\$ -	\$ 471	\$ 1,846
Furniture and equipment	7,694	-	893	8,587
Revitalization	245	-	490	735
Banners	-	-	900	900
Total	\$ 9,314	\$ -	\$ 2,754	\$ 12,068

Net book value	December 31, 2019	December 31, 2020
Computer hardware	\$ 95	\$ 1,389
Furniture and equipment	1,236	343
Revitalization	2,205	1,715
Banners	-	2,701
Total	\$ 3,536	\$ 6,148

CONCESSION STREET BUSINESS IMPROVEMENT AREA

Notes to Financial Statements (continued)

Year ended December 31, 2020

2. Tangible capital assets (continued):

(a) Contributed tangible capital assets:

The Business Improvement Area received no contributed tangible capital assets in 2020 or 2019.

(b) Tangible capital assets disclosed at nominal values:

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

(c) Write-down of tangible capital assets:

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

3. Accumulated surplus:

Accumulated surplus consists of the following:

	2020	2019
Surplus:		
Invested in tangible capital assets	\$ 6,148	\$ 3,536
Operating	111,517	125,073
Accumulated surplus	\$ 117,665	\$ 128,609

4. Related party transactions:

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

	2020	2019
Revenue:		
Member levy collected on behalf of the Business Improvement Area	\$ 115,499	\$ 115,033
Grants	44,854	57,884
Expenses:		
General beautification and improvements	13,282	2,273
Office and general	-	1,370

CONCESSION STREET BUSINESS IMPROVEMENT AREA

Notes to Financial Statements (continued)

Year ended December 31, 2020

4. Related party transactions (continued):

The City of Hamilton has also contributed \$7,915 (2019 - \$7,942) to commercial improvement programs undertaken by the Business Improvement Area, \$30,703 (2019 - \$16,099) from parking revenue sharing program, \$nil (2019 - \$1,200) for the annual Christmas grant and \$6,236 (2019 - \$32,643) in other grants. At the end of the year, grants of \$14,272 (2019 - \$1,400) was owing from the City of Hamilton net of \$nil (2019 - \$466) owing for the cash received in excess of member levy collected by the City and \$427 (2019 - \$nil) owing for annual audit expenses.

5. Budget data:

The budget data presented in these financial statements is based upon the 2020 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 \$239,931 of which \$124,432 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:

2021	\$	6,892
2022		7,060
2023		2,372
	\$	16,324

7. Comparative information:

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

CONCESSION STREET BUSINESS IMPROVEMENT AREA

Notes to Financial Statements (continued)

Year ended December 31, 2020

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, 2020, 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, 2020



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, 2020,
- 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, 2020, 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.



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' in a cursive, stylized font. A horizontal line is drawn underneath the signature.

Chartered Professional Accountants, Licensed Public Accountants

Hamilton, Canada

June 8, 2021

DOWNTOWN HAMILTON BUSINESS IMPROVEMENT AREA

Financial Statements

Year ended December 31, 2020

Financial Statements

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DOWNTOWN HAMILTON BUSINESS IMPROVEMENT AREA

Statement of Financial Position

December 31, 2020, with comparative information for 2019

	2020	2019
Financial assets		
Cash	\$ 9,520	\$ 23,889
HST receivable	23,284	29,534
Accounts receivable	4,654	1,498
Investments	138,930	101,260
	<u>176,388</u>	<u>156,181</u>
Financial liabilities		
Accounts payable and accrued liabilities	44,933	26,099
Due to City of Hamilton (note 5)	85	5,226
	<u>45,018</u>	<u>31,325</u>
Net financial assets	131,370	124,856
Non-financial assets		
Tangible capital assets (note 2)	27,739	37,864
Prepaid expenses	11,086	5,578
	<u>38,825</u>	<u>43,442</u>
COVID 19 (note 7)		
Accumulated surplus (note 3)	\$ 170,195	\$ 168,298

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, 2020, with comparative information for 2019

	Budget (note 6)	2020	2019
Revenue:			
Assessment levy (note 5)	\$ 400,000	\$ 377,728	\$ 365,835
City of Hamilton grants (note 5)	-	40,511	76,443
Federal grant	-	12,847	22,530
Interest	-	2,708	2,077
Other	65,000	11,914	14,600
	<u>465,000</u>	<u>445,708</u>	<u>481,485</u>
Expenses:			
Administration	9,000	5,055	11,532
Amortization	12,000	15,373	21,634
Bad debt expense	-	300	1,924
Beautification	42,500	56,758	27,140
Miscellaneous	17,000	-	-
Office	60,000	66,602	65,743
Professional fees	4,000	4,226	4,002
Promotions	150,000	88,568	171,506
Salaries	170,500	206,929	175,953
	<u>465,000</u>	<u>443,811</u>	<u>479,434</u>
Annual surplus	-	1,897	2,051
Accumulated surplus, beginning of year	168,298	168,298	166,247
Accumulated surplus, end of year	<u>\$ 168,298</u>	<u>\$ 170,195</u>	<u>\$ 168,298</u>

See accompanying notes to financial statements.

DOWNTOWN HAMILTON BUSINESS IMPROVEMENT AREA

Statement of Changes in Net Financial Assets

Year ended December 31, 2020, with comparative information for 2019

	Budget (note 6)	2020	2019
Annual surplus	\$ -	\$ 1,897	\$ 2,051
Acquisition of tangible capital assets	-	(5,248)	(9,613)
Amortization of tangible capital assets	12,000	15,373	21,634
(Decrease) increase in prepaid expenses	-	(5,508)	1,764
Change in net financial assets	(12,000)	6,514	15,836
Net financial assets, beginning of year	124,856	124,856	109,020
Net financial assets, end of year	\$ 112,856	\$ 131,370	\$ 124,856

See accompanying notes to financial statements.

DOWNTOWN HAMILTON BUSINESS IMPROVEMENT AREA

Statement of Cash Flows

Year ended December 31, 2020, with comparative information for 2019

	2020	2019
Cash provided by (used in)		
Operating activities:		
Annual surplus	\$ 1,897	\$ 2,051
Items not involving cash:		
Amortization	15,373	21,634
Accrued interest	(584)	(1,260)
Changes in non-cash financial assets and liabilities:		
HST receivable	6,250	(3,959)
Accounts receivable	(3,156)	5,565
Prepaid expenses	(5,508)	1,764
Accounts payable and accrued liabilities	18,834	(845)
Net change in cash from operating activities	33,106	24,950
Capital activities:		
Cash used to acquire tangible capital assets	(5,248)	(9,613)
Financing activities:		
Change in due to City of Hamilton	(5,141)	(9,116)
Increase in investments	(37,086)	(100,000)
	(42,227)	(109,116)
Decrease in cash	(14,369)	(93,779)
Cash, beginning of year	23,889	117,668
Cash, end of year	\$ 9,520	\$ 23,889

See accompanying notes to financial statements.

DOWNTOWN HAMILTON BUSINESS IMPROVEMENT AREA

Notes to Financial Statements

Year ended December 31, 2020

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, 2020

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, 2020

2. Tangible capital assets:

Cost	Balance at December 31, 2019	Additions	Disposals	Balance at December 31, 2020
Computer hardware	\$ 6,797	\$ -	\$ -	\$ 6,797
Computer software	206	-	-	206
Decorations	72,399	-	-	72,399
Furniture and equipment	82,600	5,248	-	87,848
Total	\$ 162,002	\$ 5,248	\$ -	\$ 167,250

Accumulated amortization	Balance at December 31, 2019	Disposals	Amortization expense	Balance at December 31, 2020
Computer hardware	\$ 4,449	\$ -	\$ 672	\$ 5,121
Computer software	206	-	-	206
Decorations	58,492	-	9,716	68,208
Furniture and equipment	60,991	-	4,985	65,976
Total	\$ 124,138	\$ -	\$ 15,373	\$ 139,511

	Net book value December 31, 2019	Net book value December 31, 2020
Computer hardware	\$ 2,348	\$ 1,676
Computer software	-	-
Decorations	13,907	4,191
Furniture and equipment	21,609	21,872
Total	\$ 37,864	\$ 27,739

(a) Contributed tangible capital assets:

The Business Improvement Area received no contributed tangible capital assets in 2020 or 2019.

(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, 2020

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 2020.

3. Accumulated surplus:

Accumulated surplus consists of the following:

	2020	2019
Surplus:		
Invested in tangible capital assets	\$ 27,739	\$ 37,864
Operating	142,456	130,434
	\$ 170,195	\$ 168,298

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:

2021	\$ 18,965
2022	16,427

5. Related party transactions:

(a) City of Hamilton:

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

	2020	2019
Revenue:		
Member levy collected on behalf of the Business Improvement Area	\$ 377,728	\$ 365,835
Expenses:		
Beautification	857	\$ -

DOWNTOWN HAMILTON BUSINESS IMPROVEMENT AREA

Notes to Financial Statements (continued)

Year ended December 31, 2020

5. Related party transactions (continued):

The City of Hamilton also contributed \$5,639 (2019 - \$5,382) to commercial improvement programs undertaken by the Business Improvement Area, \$11,250 (2019 - \$13,085) from parking revenue sharing program, and \$23,622 (2019 - \$57,976) in other grants. At the end of the year, the Business Improvement Area had a payable of \$5,431 (2019 - \$9,165) for the cash received in excess of the member levy collected by the City of Hamilton and \$1,885 (2019 - \$2,109) accrued for expenses, net of \$1,300 (2019 - \$1,200) receivable for the annual Christmas grant and \$5,931 (2019 - \$4,848) of other grants.

6. Budget data:

The budget data presented in these financial statements is based upon the 2020 budget approved by the Board on October 7, 2019.

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, 2020, COVID-19 has had a minimal impact on the Business Improvement Area. 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

**DUNDAS BUSINESS
IMPROVEMENT AREA**

Year ended December 31, 2020



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, 2020,
- 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, 2020, 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

June 1, 2021

DUNDAS BUSINESS IMPROVEMENT AREA

Financial Statements

Year ended December 31, 2020

Financial Statements

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DUNDAS BUSINESS IMPROVEMENT AREA

Statement of Financial Position

December 31, 2020, with comparative information for 2019

	2020	2019
Financial assets		
Cash	\$ 70,855	\$ 381
Due from the City of Hamilton (note 5)	43,060	70,487
Accounts receivable	1,376	-
HST receivable	30,748	17,613
Investment	4,000	50,000
	<u>150,039</u>	<u>138,481</u>
Financial liabilities		
Bank indebtedness	-	27,763
Accounts payable and accrued liabilities	26,142	17,510
	<u>26,142</u>	<u>45,273</u>
Net financial assets	123,897	93,208
Non-Financial assets		
Tangible capital assets (note 2)	-	-
	-	-
Commitment (note 8)		
COVID-19 (note 9)		
Accumulated surplus (note 3)	\$ 123,897	\$ 93,208

See accompanying notes to financial statements.

On behalf of the Board:

_____ Director

_____ Director

DUNDAS BUSINESS IMPROVEMENT AREA

Statement of Operations

Year ended December 31, 2020, with comparative information for 2019

	Budget (note 6)	2020	2019
Revenue:			
Assessment levy (note 5)	\$ 170,362	\$ 175,809	\$ 164,582
City of Hamilton grants (note 5)	-	45,876	64,178
Buskerfest revenue (note 5)	-	-	60,299
Buskerfest sponsorship – in kind (note 4)	-	-	56,775
Interest	300	697	5
Federal grant (note 7)	-	4,367	4,907
Other income	49,250	763	2,005
Total revenue	219,912	227,512	352,751
Expenses:			
Advertising and promotion	13,371	20,968	40,570
Amortization	-	-	124
Beautification	35,691	44,390	27,932
Buskerfest expenses	25,000	2,516	83,665
Buskerfest other – in kind (note 4)	-	-	56,775
Economic development	3,000	495	6,743
Insurance	3,850	3,700	4,807
Member services	2,100	1,522	1,581
Office and general	6,500	3,496	5,424
Other events	6,800	-	-
Professional fees	3,500	3,383	4,011
Rent	19,000	19,753	18,901
Salaries and wages	56,000	63,216	62,215
Seasonal events	60,100	33,384	23,399
Total expenses	234,912	196,823	336,147
Annual surplus (deficit)	(15,000)	30,689	16,604
Accumulated surplus, beginning of year	93,208	93,208	76,604
Accumulated surplus, end of year	\$ 78,208	\$ 123,897	\$ 93,208

See accompanying notes to financial statements.

DUNDAS BUSINESS IMPROVEMENT AREA

Statement of Changes in Net Financial Assets

Year ended December 31, 2020, with comparative information for 2019

	2020	2019
Annual surplus	\$ 30,689	\$ 16,604
Decrease in prepaid expenses	-	1,180
Amortization of tangible capital assets	-	124
Change in net financial assets	30,689	17,908
Net financial assets, beginning of year	93,208	75,300
Net financial assets, end of year	\$ 123,897	\$ 93,208

See accompanying notes to financial statements.

DUNDAS BUSINESS IMPROVEMENT AREA

Statement of Cash Flows

Year ended December 31, 2020, with comparative information for 2019

	2020	2019
Cash provided by (used in):		
Operating activities:		
Annual surplus	\$ 30,689	\$ 16,604
Items not involving cash:		
Amortization	-	124
Change in non-cash assets and liabilities:		
Accounts receivable	(1,376)	2,960
Prepaid expenses	-	1,180
HST receivable	(13,135)	5,041
Accounts payable and accrued liabilities	8,632	17,239
Net change in cash from operating activities	24,810	43,158
Investing activities:		
Disposal (purchase) of investments	46,000	(50,000)
Financing activities:		
Change in due from City of Hamilton	27,427	(78,988)
Net increase (decrease) in cash	98,237	(85,830)
(Bank indebtedness) cash, beginning of year	(27,382)	58,448
Cash (bank indebtedness), end of year	\$ 70,855	\$ (27,382)
Cash and bank indebtedness is comprised of:		
Cash	70,855	381
Bank indebtedness	-	(27,763)
	\$ 70,855	\$ (27,382)

See accompanying notes to financial statements.

DUNDAS BUSINESS IMPROVEMENT AREA

Notes to Financial Statements

Year ended December 31, 2020

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

1. Significant accounting policies:

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

(a) Basis of accounting:

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

(b) Cash and cash equivalents:

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

(c) Investments:

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

(d) Government transfers:

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

DUNDAS BUSINESS IMPROVEMENT AREA

Notes to Financial Statements (continued)

Year ended December 31, 2020

1. Significant accounting policies (continued):

(e) Other income:

Other income is reported as revenue in the period earned.

(f) Non-financial assets:

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

(i) Tangible capital assets:

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

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

(g) Use of estimates:

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

(h) Related party transactions:

Transactions with related parties are measured at the carrying amount.

DUNDAS BUSINESS IMPROVEMENT AREA

Notes to Financial Statements (continued)

Year ended December 31, 2020

2. Tangible capital assets:

Cost	Balance at December 31, 2019	Additions	Disposals	Balance at December 31, 2020
Computer software	\$ 426	\$ -	\$ -	\$ 426
Computer hardware	1,239	-	-	1,239
Furniture and equipment	15,489	-	-	15,489
Decorations	60,934	-	-	60,934
Total	\$ 78,088	\$ -	\$ -	\$ 78,088

Accumulated amortization	Balance at December 31, 2019	Disposals	Amortization expense	Balance at December 31, 2020
Computer software	\$ 426	\$ -	\$ -	\$ 426
Computer hardware	1,239	-	-	1,239
Furniture and equipment	15,489	-	-	15,489
Decorations	60,934	-	-	60,934
Total	\$ 78,088	\$ -	\$ -	\$ 78,088

	Net book value December 31, 2020	Net book value December 31, 2019
Computer software	\$ -	\$ -
Computer hardware	-	-
Furniture and equipment	-	-
Decorations	-	-
Total	\$ -	\$ -

DUNDAS BUSINESS IMPROVEMENT AREA

Notes to Financial Statements (continued)

Year ended December 31, 2020

3. Accumulated surplus:

Accumulated surplus consists of the following:

	2020	2019
Surplus:		
Invested in tangible capital assets	\$ -	\$ -
Operating surplus	86,939	56,250
Total surplus	86,939	56,250
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
	\$ 123,897	\$ 93,208

4. Sponsorship:

Donated services, which would otherwise be paid for by the Business Improvement Area are recorded at fair value when provided. The value of the donations in-kind amounted to \$nil (2019 - \$56,775) and has been included in Buskerfest sponsorship in-kind and Buskerfest other in-kind expenses.

5. Related party transactions:

City of Hamilton:

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

	2020	2019
Revenue:		
Member levy collected on behalf of the Business Improvement Area	\$ 175,809	\$ 164,582
Expenses:		
Advertising and promotion	389	500
Beautification	9,870	4,482
Seasonal events	165	1,273

DUNDAS BUSINESS IMPROVEMENT AREA

Notes to Financial Statements (continued)

Year ended December 31, 2020

5. Related party transactions (continued):

The City of Hamilton has also contributed \$14,952 (2019 - \$14,595) to commercial improvement programs undertaken by the Business Improvement Area, \$24,569 (2019 - \$28,183) from parking sharing revenue program and \$6,355 (2019 - \$21,400) in other grants. The Buskerfest grant of \$nil (2019 - \$28,886) from the City of Hamilton is included in Buskerfest revenue in the statement of operations.

At the end of the year, the Business Improvement Area had a receivable of \$45,998 (2019 - \$72,287) from the City of Hamilton for outstanding grants and member levy surplus. The Business Improvement Area had a payable \$2,938 (2019 - \$1,800) primarily for audit fee expenses.

6. Budget data:

The budget data presented in these financial statements is based upon the 2020 budget approved by the Board on October 1, 2019. 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 2020 were \$234,912, of which \$15,000 relates to rebates received on eligible purchases for HST. This has been excluded from the budget presented on the statement of operations for a consistent basis of accounting.

7. Government transfers:

During the year, the Business Improvement Area received a federal grant for summer students in the amount of \$4,367 (2019 - \$ 4,907).

8. 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:

2021	\$	21,144
2022		10,572
	\$	31,716

DUNDAS BUSINESS IMPROVEMENT AREA

Notes to Financial Statements (continued)

Year ended December 31, 2020

9. 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, 2020, 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

**INTERNATIONAL VILLAGE
BUSINESS IMPROVEMENT
AREA**

Year ended December 31, 2020



KPMG LLP
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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, 2020,
- 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, 2020, 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.



Page 3

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

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

Hamilton, Canada

October 13, 2021

INTERNATIONAL VILLAGE BUSINESS IMPROVEMENT AREA

Financial Statements

Year ended December 31, 2020

Financial Statements

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INTERNATIONAL VILLAGE BUSINESS IMPROVEMENT AREA

Statement of Financial Position

December 31, 2020, with comparative information for 2019

	2020	2019
Financial assets		
Cash	\$ 155,895	\$ 148,328
HST receivable	14,107	7,743
Due from City of Hamilton (note 3)	-	1,369
	<u>170,002</u>	<u>157,440</u>
Financial liabilities		
Accounts payable and accrued liabilities	3,303	2,346
Due to City of Hamilton (note 3)	2,567	-
	<u>5,870</u>	<u>2,346</u>
Net financial assets	164,132	155,094
Non-financial assets		
Prepaid expenses	5,405	4,665
Tangible capital assets (note 2)	2,781	4,952
	<u>8,186</u>	<u>9,617</u>
Commitments (note 5) COVID-19 (note 7)		
Accumulated surplus (note 4)	\$ 172,318	\$ 164,711

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, 2020, with comparative information for 2019

	Budget	2020	2019
	(note 6)		
Revenue:			
Assessment levy (note 3)	\$ 170,000	\$ 167,943	\$ 157,369
City of Hamilton grants (note 3)	18,000	24,657	55,290
Other	-	8,868	5,450
Total revenue	188,000	201,468	218,109
Expenses:			
Advertising and promotion	70,000	25,796	27,456
Amortization	-	2,171	2,230
Audit fees	-	611	1,211
Beautification and maintenance	3,500	3,472	1,400
Board expenses	2,000	1,154	1,392
Commercial improvement	-	-	6,671
Contingency	5,000	-	-
Insurance	3,900	3,904	3,620
Interest and bank charges	3,500	3,184	2,795
Main street initiative	-	13,184	10,412
Member events and office	10,200	7,951	6,370
Parking program expenditures	-	-	14,461
Rent	12,900	11,597	11,057
Repairs and maintenance	1,000	414	506
Wages – administrative and program delivery	72,000	117,692	102,512
Telephone and internet	4,000	2,731	3,340
Community enrichment expenses	-	-	2,256
Total expenses	188,000	193,861	197,689
Annual surplus		7,607	20,420
Accumulated surplus, beginning of year		164,711	144,291
Accumulated surplus, end of year		\$ 172,318	\$ 164,711

See accompanying notes to financial statements.

INTERNATIONAL VILLAGE BUSINESS IMPROVEMENT AREA

Statement of Changes in Net Financial Assets

Year ended December 31, 2020, with comparative information for 2019

	2020	2019
Annual surplus	\$ 7,607	\$ 20,420
Increase in prepaid expenses	(740)	(2,479)
Amortization of tangible capital assets	2,171	2,230
Change in net financial assets	9,038	20,171
Net financial assets, beginning of year	155,094	134,923
Net financial assets, end of year	\$ 164,132	\$ 155,094

See accompanying notes to financial statements.

INTERNATIONAL VILLAGE BUSINESS IMPROVEMENT AREA

Statement of Cash Flows

Year ended December 31, 2020, with comparative figures for 2019

	2020	2019
Cash provided by (used in):		
Operating activities:		
Annual surplus	\$ 7,607	\$ 20,420
Items not involving cash:		
Amortization	2,171	2,230
Change in non-cash assets and liabilities:		
Accounts receivable	-	1,192
HST receivable	(6,364)	7,543
Prepaid expenses	(740)	(2,479)
Accounts payable and accrued liabilities	957	(659)
Net change in cash from operating activities	3,631	28,247
Financing activities:		
Change in due to/from City of Hamilton	3,936	(4,583)
Net increase in cash	7,567	23,664
Cash, beginning of year	148,328	124,664
Cash, end of year	\$ 155,895	\$ 148,328

See accompanying notes to financial statements.

INTERNATIONAL VILLAGE BUSINESS IMPROVEMENT AREA

Notes to Financial Statements

Year ended December 31, 2020

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, 2020

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, 2020

2. Tangible capital assets:

Cost	Balance at December 31, 2019	Additions	Disposals	Balance at December 31, 2020
Computer hardware	\$ 3,236	\$ -	\$ -	\$ 3,236
Furniture and equipment	7,187	-	-	7,187
Decorations	18,344	-	-	18,344
Total	\$ 28,767	\$ -	\$ -	\$ 28,767

Accumulated amortization	Balance at December 31, 2019	Disposals	Amortization expense	Balance at December 31, 2020
Computer hardware	\$ 3,236	\$ -	\$ -	\$ 3,236
Furniture and equipment	7,187	-	-	7,187
Decorations	13,392	-	2,171	15,563
Total	\$ 23,815	\$ -	\$ 2,171	\$ 25,986

Net book value	December 31, 2019	December 31, 2020
Computer hardware	\$ -	\$ -
Furniture and equipment	-	-
Decorations	4,952	2,781
Total	\$ 4,952	\$ 2,781

(a) Contributed tangible capital assets:

The Business Improvement Area received no contributed tangible capital assets in 2020 or 2019.

(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 2019.

INTERNATIONAL VILLAGE BUSINESS IMPROVEMENT AREA

Notes to Financial Statements (continued)

Year ended December 31, 2020

3. Related party transactions:

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

	2020	2019
Revenue:		
Member levy collected on behalf of the Business Improvement Area	\$ 167,943	\$ 157,369
Grants	24,657	55,290

The City of Hamilton contributed \$6,994 (2019 - \$6,612) to commercial improvement programs undertaken by the Business Improvement Area, \$12,363 (2019 - \$25,298) from parking revenue sharing program, \$1,300 (2019 - \$1,200) for the annual Christmas grant and \$4,000 (2019 - \$22,180) in other grants.

At the end of the year, grants of \$1,300 (2019 - \$1,200) was owing from the City of Hamilton net of \$2,057 (2019 - (\$1,969) owing (receivable) for the cash received in excess of member levy collected by the City and \$1,810 (2019 - \$1,800) owing for annual audit and other expenses.

4. Accumulated surplus:

Accumulated surplus consists of the following:

	2020	2019
Surplus:		
Invested in tangible capital assets	\$ 2,781	\$ 4,952
Operating	169,537	159,759
Accumulated surplus	\$ 172,318	\$ 164,711

INTERNATIONAL VILLAGE BUSINESS IMPROVEMENT AREA

Notes to Financial Statements (continued)

Year ended December 31, 2020

5. Commitments:

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

2021	\$	13,200
2022		13,200
2023		6,600
	\$	33,000

6. Budget data:

The budget data presented in these financial statements is based upon the 2020 budget approved by the Board on September 11, 2019. Amortization and acquisitions of tangible capital assets were not contemplated on development of the budget and, as such, were not provided on the statement of changes in net financial assets.

7. 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, 2020, 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

**LOCKE STREET BUSINESS
IMPROVEMENT AREA**

And Independent Auditors' Report thereon

Year ended December 31, 2020



KPMG LLP
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INDEPENDENT AUDITORS' REPORT

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

Opinion

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

- the statement of financial position as at December 31, 2020,
- the statement of operations and accumulated surplus for the year then ended,
- the statement of changes in net financial assets for the year then ended,
- the statement of cash flows for the year then ended,
- and notes, including a summary of significant accounting policies and other explanatory information.

(Hereinafter referred to as the "financial statements")

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at December 31, 2020, and its results of operations and accumulated surplus, its changes in net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

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

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

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



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

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

We also:

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

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

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



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

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

Hamilton, Canada

August 19, 2022

LOCKE STREET BUSINESS IMPROVEMENT AREA

Financial Statements

Year ended December 31, 2020

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LOCKE STREET BUSINESS IMPROVEMENT AREA

Statement of Financial Position

December 31, 2020, with comparative information for 2019

	2020	2019
Financial assets		
Cash	\$ 32,209	\$ 68,086
Accounts receivable	5,200	–
HST receivable	12,082	3,368
Due from City of Hamilton (note 2)	6,084	10,468
	<u>55,575</u>	<u>81,922</u>
Financial liabilities		
Accounts payable and accrued liabilities	9,742	3,280
Deferred revenue (note 3)	2,447	5,452
Net Financial assets	<u>43,386</u>	<u>73,190</u>
Non-Financial assets		
Tangible capital assets (note 4)	26,278	10,898
Prepaid expenses	495	3,076
	<u>26,773</u>	<u>13,974</u>
COVID-19 (note 7)		
Accumulated surplus (note 5)	<u>\$ 70,159</u>	<u>\$ 87,164</u>

See accompanying notes to financial statements.

On behalf of the Board:

_____ Director

_____ Director

LOCKE STREET BUSINESS IMPROVEMENT AREA

Statement of Operations and Accumulated Surplus

Year ended December 31, 2020, with comparative information for 2019

	Budget (note 6)	2020	2019
Revenues:			
Assessment levy (note 2)	\$ 30,000	\$ 30,123	\$ 28,844
Seven Saturday's	44,000	28,042	—
City of Hamilton grants (note 2)	12,500	17,608	35,873
Other	—	5,300	—
LSMA funding (note 3)	—	3,005	—
Eat well, be well income	—	—	13,811
Festival income	—	—	565
Total revenue	86,500	84,078	79,093
Expenses:			
Advertising and promotion	15,500	13,092	14,679
Amortization	—	15,257	13,337
Commercial improvement	9,000	30,871	4,538
Festival expenses	53,000	34,897	27,662
Insurance	1,650	1,363	1,239
Office supplies	500	270	942
Professional fees	4,100	2,905	1,649
Miscellaneous	—	—	463
Rent	2,750	2,428	2,098
Total expenses	86,500	101,083	66,607
Annual (deficit) surplus	—	(17,005)	12,486
Accumulated surplus, beginning of year	87,164	87,164	74,678
Accumulated surplus, end of year	\$ 87,164	\$ 70,159	\$ 87,164

See accompanying notes to financial statements.

LOCKE STREET BUSINESS IMPROVEMENT AREA

Statement of Changes in Net Financial Assets

Year ended December 31, 2020, with comparative information for 2019

	2020	2019
Annual (deficit) surplus	\$ (17,005)	\$ 12,486
Acquisition of tangible capital assets	(30,637)	—
Amortization of tangible capital assets	15,257	13,337
Decrease (increase) in prepaid expenses	2,581	(304)
Change in net financial assets	(29,804)	25,519
Net financial assets, beginning of year	73,190	47,671
Net financial assets, end of year	\$ 43,386	\$ 73,190

See accompanying notes to financial statements.

LOCKE STREET BUSINESS IMPROVEMENT AREA

Statement of Cash Flows

Year ended December 31, 2020, with comparative information for 2019

	2020	2019
Cash provided by (used in):		
Operating activities:		
Annual (deficit) surplus	\$ (17,005)	\$ 12,486
Items not involving cash:		
Amortization	15,257	13,337
Change in non-cash assets and liabilities:		
Accounts receivable	(5,200)	876
HST receivable	(8,714)	(2,289)
Prepaid expenses	2,581	(304)
Accounts payable and accrued liabilities	6,462	3,168
Deferred revenue	(3,005)	-
Net change in cash from operating activities	(9,624)	27,274
Investing activities:		
Cash used to acquire tangible capital assets	(30,637)	-
Financing activities:		
Change in due to/from City of Hamilton	4,384	3,591
(Decrease) increase in cash	(35,877)	30,865
Cash, beginning of year	68,086	37,221
Cash, end of year	\$ 32,209	\$ 68,086

See accompanying notes to financial statements.

LOCKE STREET BUSINESS IMPROVEMENT AREA

Notes to Financial Statements

Year ended December 31, 2020

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

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

1. Significant accounting policies:

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

(a) Basis of accounting:

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

(b) Cash and cash equivalents:

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

(c) Government transfers:

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

LOCKE STREET BUSINESS IMPROVEMENT AREA

Notes to Financial Statements (continued)

Year ended December 31, 2020

1. Significant accounting policies (continued):

(d) Other income:

Other income is reported as revenue in the period earned.

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

(e) Non-financial assets:

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

(i) Tangible capital assets:

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

Asset	Useful life - years
Decorations	5
Banners	4
Light standards	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.

LOCKE STREET BUSINESS IMPROVEMENT AREA

Notes to Financial Statements (continued)

Year ended December 31, 2020

2. Related party transactions:

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

Revenue:

	2020	2019
Member levy collected on behalf of the Business Improvement Area	\$ 30,123	\$ 28,844
City of Hamilton grants	17,608	35,873

The City of Hamilton has also contributed \$2,548 (2019 - \$2,699) to commercial improvement programs undertaken by the Business Improvement Area, \$1,300 (2019 - \$1,200) for the annual Christmas grant, \$3,727 (2019 - \$11,774) from the parking sharing revenue program and \$10,033 (2019 - \$20,200) in other grants.

At the end of the year, the Business Improvement Area had a receivable of \$6,300 (2019 - \$13,174) and \$123 (2019 - \$Nil) from the City of Hamilton for outstanding grants and member levy surplus. The Business Improvement Area had a payable of \$Nil (2019 - \$2,106) for the deficit of the member levy collected by the City of Hamilton and \$339 (2019 - \$600) owing for the annual audit expenses.

3. Deferred revenue:

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

	2020	2019
Balance, beginning of year	\$ 5,452	\$ 5,452
Recognized as revenue	(3,005)	-
Balance, end of year	\$ 2,447	\$ 5,452

LOCKE STREET BUSINESS IMPROVEMENT AREA

Notes to Financial Statements (continued)

Year ended December 31, 2020

4. Tangible capital assets:

Cost	Balance at		Disposals	Balance at	
	December 31, 2019	Additions		December 31, 2020	
Decorations	\$ 43,254	\$ 7,771	\$ -	\$	51,025
Banners	18,744	-	-		18,744
Light standards	-	22,866	-		22,866
Total	\$ 61,998	\$ 30,637	\$ -	\$	92,635

Accumulated amortization	Balance at		Disposals	Amortization expense	Balance at	
	December 31, 2019				December 31, 2020	
Decorations	\$ 37,306	\$ -	\$ -	\$ 9,428	\$	46,734
Banners	13,794	-	-	4,686		18,480
Light standards	-	-	-	1,143		1,143
Total	\$ 51,100	\$ -	\$ -	\$ 15,257	\$	66,357

Net book value	December 31,	
	2019	2020
Decorations	\$ 5,948	\$ 4,291
Banners	4,950	264
Light standards	-	21,723
Total	\$ 10,898	\$ 26,278

(a) Contributed tangible capital assets:

The Business Improvement Area received no contributed tangible capital assets in 2020 or 2019.

(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 2019.

LOCKE STREET BUSINESS IMPROVEMENT AREA

Notes to Financial Statements (continued)

Year ended December 31, 2020

5. Accumulated surplus:

Accumulated surplus consists of the following:

	2020	2019
Surplus:		
Invested in tangible capital assets	\$ 26,278	\$ 10,898
Operating	43,881	76,266
	\$ 70,159	\$ 87,164

6. Budget data:

The budget data presented in these financial statements is based upon the 2020 budget approved by the Board on January 28, 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, 2020, 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

**OTTAWA STREET
BUSINESS IMPROVEMENT AREA**

Year ended December 31, 2020



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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, 2020,
- 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, 2020, and its results of operations, its changes in net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

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

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

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



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

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

We also:

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

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

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



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

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

Hamilton, Canada

August 12, 2021

OTTAWA STREET BUSINESS IMPROVEMENT AREA

Financial Statements

Year ended December 31, 2020

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OTTAWA STREET BUSINESS IMPROVEMENT AREA

Statement of Financial Position

December 31, 2020, with comparative information for 2019

	2020	2019
Financial assets		
Cash	\$ 84,549	\$ 63,294
Accounts receivable	3,395	1,697
HST receivable	27,644	33,441
Due from City of Hamilton (note 3)	1,662	-
Note receivable	5,000	-
	<u>122,250</u>	<u>98,432</u>
Financial liabilities		
Accounts payable and accrued liabilities	7,422	38,739
Due to City of Hamilton (note 3)	-	781
	<u>7,422</u>	<u>39,520</u>
Net financial assets	114,828	58,912
Non-financial assets		
Tangible capital assets (note 2)	78,903	88,526
Commitment (note 5)		
COVID-19 (note 7)		
Accumulated surplus (note 4)	\$ 193,731	\$ 147,438

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, 2020, with comparative information for 2019

	Budget (Note 6)	2020	2019
Revenue:			
Assessment levy (note 3)	\$ 133,000	\$ 134,205	\$ 132,643
City of Hamilton grants (note 3)	-	36,276	62,153
Farmer's market	-	3,395	1,697
Other income	-	2,742	31,677
Total revenue	133,000	176,618	228,170
Expenses:			
Advertising and promotion	38,500	19,341	33,387
Administrative services	42,000	8,483	9,615
Amortization	-	20,557	17,590
Bad debts	-	-	350
Beautification	16,500	11,798	41,834
Insurance	3,500	3,024	2,954
Office	-	1,070	2,126
Project costs	5,000	11,066	37,749
Rent	27,500	22,030	24,721
Salaries	-	32,956	47,165
Total expenses	133,000	130,325	217,491
Annual surplus	-	46,293	10,679
Accumulated surplus, beginning of year	147,438	147,438	136,759
Accumulated surplus, end of year	\$ 193,731	\$ 193,731	\$ 147,438

See accompanying notes to financial statements.

OTTAWA STREET BUSINESS IMPROVEMENT AREA

Statement of Changes in Net Financial Assets

Year ended December 31, 2020, with comparative information for 2019

	2020	2019
Annual surplus	\$ 46,293	\$ 10,679
Acquisition of tangible capital assets	(10,934)	(24,127)
Amortization of tangible capital assets	20,557	17,590
Change in net financial assets	55,916	4,142
Net financial assets, beginning of year	58,912	54,770
Net financial assets, end of year	\$ 114,828	\$ 58,912

See accompanying notes to financial statements.

OTTAWA STREET BUSINESS IMPROVEMENT AREA

Statement of Cash Flows

Year ended December 31, 2020, with comparative information for 2019

	2020	2019
Cash provided by (used in):		
Operating activities:		
Annual surplus	\$ 46,293	\$ 10,679
Items not involving cash:		
Amortization	20,557	17,590
Changes in non-cash assets and liabilities:		
Accounts receivable	(1,698)	-
HST receivable	5,797	(1,949)
Note receivable	(5,000)	-
Accounts payable and accrued liabilities	(31,317)	4,309
Net change in cash from operating activities	34,632	30,629
Capital activities:		
Cash used to acquire tangible capital assets	(10,934)	(24,127)
Financing activities:		
Change in due to/from City of Hamilton	(2,443)	32,408
Increase in cash	21,255	38,910
Cash, beginning of year	63,294	24,384
Cash, end of year	\$ 84,549	\$ 63,294

See accompanying notes to financial statements.

OTTAWA STREET BUSINESS IMPROVEMENT AREA

Notes to Financial Statements

Year ended December 31, 2020

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, 2020

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, 2020

2. Tangible capital assets:

Cost	Balance at December 31, 2019	Additions	Disposals	Balance at December 31, 2020
Computers	\$ 4,982	\$ 749	\$ -	\$ 5,731
Decorations	50,222	10,185	-	60,407
Furniture and equipment	109,341	-	-	109,341
Leasehold improvements	5,848	-	-	5,848
Total	\$ 170,393	\$ 10,934	\$ -	\$ 181,327

Accumulated amortization	Balance at December 31, 2019	Disposals	Amortization expense	Balance at December 31, 2020
Computers	\$ 2,038	\$ -	\$ 801	\$ 2,839
Decorations	25,979	-	8,237	34,216
Furniture and equipment	49,752	-	10,934	60,686
Leasehold improvements	4,098	-	585	4,683
Total	\$ 81,867	\$ -	\$ 20,557	\$ 102,424

Net book value	December 31, 2019	December 31, 2020
Computers	\$ 2,944	\$ 2,892
Decorations	24,244	26,191
Furniture and equipment	59,589	48,655
Leasehold improvements	1,749	1,165
Total	\$ 88,526	\$ 78,903

(a) Contributed tangible capital assets:

The Business Improvement Area received no contributed tangible capital assets in 2020 or 2019.

(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 2019.

OTTAWA STREET BUSINESS IMPROVEMENT AREA

Notes to Financial Statements (continued)

Year ended December 31, 2020

3. Related party transactions:

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

Revenue:

	2020	2019
Member levy collected on behalf of the Ottawa Street Business Improvement Area	\$ 134,205	\$ 132,643
City of Hamilton grants	36,276	62,153

The City of Hamilton has also contributed \$13,110 (2019 - \$13,174) to commercial improvement programs undertaken by the Business Improvement Area, \$16,885 (2019 - \$19,537) from parking sharing revenue program and \$6,281 (2019 - \$29,442) in other grants.

At the end of the year, the Business Improvement Area had a receivable of \$2,082 (2019 - \$nil) from the City of Hamilton for outstanding grants and member levy surplus. The Business Improvement Area had a payable of \$nil (2019 - \$361) for supplementary levies and vacancy rebates as well as a payable for the audit fees of \$420 (2019 - \$420).

4. Accumulated surplus:

Accumulated surplus consists of the following:

	2020	2019
Surplus:		
Invested in tangible capital assets	\$ 78,903	\$ 88,526
Operating	114,828	58,912
Accumulated surplus	\$ 193,731	\$ 147,438

OTTAWA STREET BUSINESS IMPROVEMENT AREA

Notes to Financial Statements (continued)

Year ended December 31, 2020

5. Commitment:

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

2021	\$	23,052
2022		23,052
2023		7,684
	\$	53,788

6. Budget data:

The budget data presented in these financial statements is based upon the 2020 budget approved by the Board on October 10, 2019. Amortization and acquisitions of tangible capital assets were not contemplated on development of the budget and, as such, were not provided on the statement of changes in net financial assets.

7. 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, 2020, 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

**STONEY CREEK BUSINESS
IMPROVEMENT AREA**

Year ended December 31, 2020

KPMG LLP
Commerce Place
21 King Street West, Suite 700
Hamilton ON L8P 4W7
Canada
Tel 905-523-8200
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INDEPENDENT AUDITOR'S REPORT

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

Opinion

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

- the statement of financial position as at December 31, 2020,
- 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, 2020, 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 "Auditor's Responsibilities for the Audit of the Financial Statements" section of our Auditor's 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.

Auditor's 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 auditor's 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 Auditor's 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.



Chartered Professional Accountants, Licensed Public Accountants

Hamilton, Canada
January 9, 2023

STONEY CREEK BUSINESS IMPROVEMENT AREA

Financial Statements

Year ended December 31, 2020

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STONEY CREEK BUSINESS IMPROVEMENT AREA

Statement of Financial Position

December 31, 2020, with comparative information for 2019

	2020	2019
Financial assets		
Cash	\$ 19,817	\$ 11,390
Accounts receivable	–	4,390
HST receivable	9,822	6,291
Due from the City of Hamilton (note 4)	7,958	112
	37,597	22,183
Financial liabilities		
Accounts payables and accrued liabilities	\$ 6,296	\$ 3,857
Net financial assets	31,301	18,326
Non-financial assets		
Tangible capital assets (note 2)	8,145	10,746
Prepaid expenses	1,103	934
	9,248	11,680
Accumulated surplus (note 3)	\$ 40,549	\$ 30,006

See accompanying notes to financial statements.

On behalf of the Board:

_____ Director

_____ Director

STONEY CREEK BUSINESS IMPROVEMENT AREA

Statement of Operations

Year ended December 31, 2020, with comparative information for 2019

	Budget (note 5)	2020	2019
Revenue:			
Assessment levy (note 4)	\$ 49,000	\$ 49,643	\$ 42,925
City of Hamilton grants (note 4)	–	16,347	30,923
Other revenue	13,788	4,602	15,345
Total revenue	62,788	70,592	89,193
Expenses:			
Administration	29,360	22,350	25,938
Advertising and promotion	1,000	1,154	223
Amortization	–	3,954	3,061
Audit fees	475	427	427
Beautification	9,750	7,387	3,573
Christmas decorations and Santa Claus parade	19,000	7,370	6,562
Insurance	–	1,767	1,330
Miscellaneous	–	129	361
Special events	–	15,511	35,561
Total expenses	59,585	60,049	77,036
Annual surplus	3,203	10,543	12,157
Accumulated surplus, beginning of year	30,006	30,006	17,849
Accumulated surplus, end of year (note 3)	\$ 33,209	\$ 40,549	\$ 30,006

See accompanying notes to financial statements.

STONEY CREEK BUSINESS IMPROVEMENT AREA

Statement of Changes in Net Financial Assets

Year ended December 31, 2020, with comparative information for 2019

	2020	2019
Annual surplus	\$ 10,543	\$ 12,157
Amortization of tangible capital assets	3,954	3,061
Acquisition of tangible capital assets	(1,353)	(8,013)
Decrease in prepaid expenses	(169)	(401)
Change in net financial assets	12,975	6,804
Net financial assets, beginning of year	18,326	11,522
Net financial assets, end of year	\$ 31,301	\$ 18,326

See accompanying notes to financial statements.

STONEY CREEK BUSINESS IMPROVEMENT AREA

Statement of Cash Flows

Year ended December 31, 2020, with comparative information for 2019

	2020	2019
Cash provided by (used in):		
Operating activities:		
Annual surplus	\$ 10,543	\$ 12,157
Items not involving cash:		
Amortization	3,954	3,061
Change in non-cash assets and liabilities:		
Accounts receivable	4,390	(1,030)
HST receivable	(3,531)	(1,990)
Accounts payable and accruals	2,439	(1,515)
Prepaid expenses	(169)	(401)
Net change in cash from operating activities	17,626	10,282
Capital activities:		
Acquisition of tangible capital assets	(1,353)	(8,013)
Financing activities:		
Change in due from City of Hamilton	(7,846)	5,604
Net increase in cash	8,427	7,873
Cash, beginning of year	11,390	3,517
Cash, end of year	\$ 19,817	\$ 11,390

See accompanying notes to financial statements.

STONEY CREEK BUSINESS IMPROVEMENT AREA

Notes to Financial Statements

Year ended December 31, 2020

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

1. Significant accounting policies:

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

(a) Basis of accounting:

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

(b) Cash and cash equivalents:

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

(c) Government transfers:

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

STONEY CREEK BUSINESS IMPROVEMENT AREA

Notes to Financial Statements (continued)

Year ended December 31, 2020

1. Significant accounting policies (continued):

(d) Non-financial assets:

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

(i) Tangible capital assets:

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

Asset	Useful life - years
Decorations	5

(e) Other income:

Other income is reported as revenue in the period earned.

(f) Use of estimates:

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

(g) Related party transactions:

Transactions with related parties are measured at the carrying amount.

STONEY CREEK BUSINESS IMPROVEMENT AREA

Notes to Financial Statements (continued)

Year ended December 31, 2020

2. Tangible capital assets:

Cost	Balance at December 31, 2019	Additions	Disposals	Balance at December 31, 2020
Decorations	\$ 33,645	\$ 1,353	\$ -	\$ 34,998

Accumulated amortization	Balance at December 31, 2019	Disposals	Amortization expense	Balance at December 31, 2020
Decorations	\$ 22,899	\$ -	\$ 3,954	\$ 26,853

Net book value	December 31, 2020	December 31, 2019
Decorations	\$ 8,145	\$ 10,746

(a) Contributed tangible capital assets:

The Business Improvement Area received no contributed tangible capital assets in 2020 or 2019.

(b) Tangible capital assets disclosed at nominal values:

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

(c) Write-down of tangible capital assets:

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

STONEY CREEK BUSINESS IMPROVEMENT AREA

Notes to Financial Statements (continued)

Year ended December 31, 2020

3. Accumulated surplus:

Accumulated surplus consists of the following:

	2020	2019
Surplus:		
Invested in tangible capital assets	\$ 1,353	\$ 8,013
Reserves set aside by the Board	2,000	2,000
Operating	37,196	19,993
Accumulated surplus	\$ 40,549	\$ 30,006

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

	2020	2019
Fund balance, beginning of year	\$ 2,000	\$ 2,000
Transfers to / (from) reserves	-	-
Fund balance, end of year	\$ 2,000	\$ 2,000

4. Related party transactions:

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

Revenue:

	2020	2019
Member levy collected on behalf of the Business Improvement Area	\$ 49,643	\$ 42,925

The City of Hamilton has also contributed \$8,047 (2019 - \$6,722) to commercial improvement programs undertaken by the Business Improvement Area and \$8,300 (2019 - \$24,201) in other grant funding and the Business Improvement area paid \$1,414 (2019 - \$2,153) in expenses to the City of Hamilton for commercial improvements during the year. At the end of the year, other grants of \$9,347 (2019 - \$1,380 including member levy surplus) were receivable from the City of Hamilton. The Business Improvement Area has a payable of \$1,389 (2019 - \$427) for audit accruals, other expenses and member levy deficit.

STONEY CREEK BUSINESS IMPROVEMENT AREA

Notes to Financial Statements (continued)

Year ended December 31, 2020

5. Budget data:

The budget data presented in these financial statements is based upon the 2020 budget approved by the Board on October 16, 2019. Amortization and acquisition of tangible capital assets were not contemplated on development of the budget. For this reason, budget figures were not provided on the statement of changes in net financial assets.

5. 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, 2020, 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, 2020



KPMG LLP
Commerce Place
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INDEPENDENT AUDITORS' REPORT

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

Opinion

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

- the statement of financial position as at December 31, 2020,
- 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, 2020, 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.



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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

October 21, 2021

WATERDOWN BUSINESS IMPROVEMENT AREA

Financial Statements

Year ended December 31, 2020

Financial Statements

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WATERDOWN BUSINESS IMPROVEMENT AREA

Statement of Financial Position

December 31, 2020, with comparative information for 2019

	2020	2019
Financial assets		
Cash	\$ 100,280	\$ 109,528
Investments (note 4)	63,640	72,464
HST receivable	15,556	13,659
	<u>179,476</u>	<u>195,651</u>
Financial liabilities		
Accounts payable and accrued liabilities	10,544	11,342
Due to City of Hamilton (note 3)	993	9,006
	<u>11,537</u>	<u>20,348</u>
Net financial assets	167,939	175,303
Non-financial assets		
Tangible capital assets (note 2)	42,136	64,003
Prepaid expenses	3,504	5,785
	<u>45,640</u>	<u>69,788</u>
Commitments (note 6)		
COVID-19 (note 8)		
Accumulated surplus (note 5)	\$ 213,579	\$ 245,091

See accompanying notes to financial statements.

On behalf of the Board:

_____ Director

_____ Director

WATERDOWN BUSINESS IMPROVEMENT AREA

Statement of Operations

Year ended December 31, 2020, with comparative information for 2019

	Budget (note 7)	2020	2019
Revenues:			
Assessment levy (note 3)	\$ 250,000	\$ 248,135	\$ 240,222
City of Hamilton grants (note 3)	6,500	10,810	26,644
Federal grant – summer jobs	-	3,920	-
Other income	78,515	2,426	29,803
Total revenue	335,015	265,291	296,669
Expenses:			
Advertising and promotion	32,430	22,083	22,346
Amortization	-	21,867	24,068
Christmas tree of hope	-	2,630	5,113
Festival and parades	55,300	35,583	38,843
Insurance	5,700	5,002	6,095
Wages and benefits	87,500	89,363	86,890
Memberships, conferences, and seminars	5,350	1,975	2,070
Office and general expenses	16,500	10,683	12,486
Professional fees	2,800	1,977	4,460
Rent	30,400	32,013	32,204
Streetscaping and decorations	99,035	73,627	75,870
Donations	-	-	1,450
Total expenses	335,015	296,803	311,895
Annual deficit	-	(31,512)	(15,226)
Accumulated surplus, beginning of year	245,091	245,091	260,317
Accumulated surplus, end of year	\$ 245,091	\$ 213,579	\$ 245,091

See accompanying notes to financial statements.

WATERDOWN BUSINESS IMPROVEMENT AREA

Statement of Changes in Net Financial Assets

Year ended December 31, 2020, with comparative information for 2019

	2020	2019
Annual deficit	\$ (31,512)	\$ (15,226)
Acquisition of tangible capital assets	-	(9,484)
Amortization of tangible capital assets	21,867	24,068
Decrease in prepaid expenses	2,281	5,977
Change in net financial assets	(7,364)	5,335
Net financial assets, beginning of year	175,303	169,968
Net financial assets, end of year	\$ 167,939	\$ 175,303

See accompanying notes to financial statements.

WATERDOWN BUSINESS IMPROVEMENT AREA

Statement of Cash Flows

Year ended December 31, 2020, with comparative information for 2019

	2020	2019
Cash provided by (used in):		
Operating activities:		
Annual deficit	\$ (31,512)	\$ (15,226)
Items not involving cash:		
Amortization	21,867	24,068
Changes in non-cash assets and liabilities:		
HST receivable	(1,897)	2,173
Prepaid expenses	2,281	5,977
Accounts payable and accrued liabilities	(798)	3,628
Net change in cash from operating activities	(10,059)	20,620
Capital activities:		
Cash used to acquire tangible capital assets	-	(9,484)
Investing activities:		
Disposal of investments	8,824	8,494
Financing activities:		
Change in due to City of Hamilton	(8,013)	6,475
Net (decrease) increase in cash	(9,248)	26,105
Cash, beginning of year	109,528	83,423
Cash, end of year	\$ 100,280	\$ 109,528

See accompanying notes to financial statements.

WATERDOWN BUSINESS IMPROVEMENT AREA

Notes to Financial Statements

Year ended December 31, 2020

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, 2020

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, 2020

2. Tangible capital assets:

Cost	Balance at December 31, 2019	Additions	Disposals	Balance at December 31, 2020
Furniture and equipment	\$ 121,309	\$ -	\$ -	\$ 121,309
Leasehold improvements	20,739	-	-	20,739
Computer equipment	5,139	-	-	5,139
Banners	15,142	-	-	15,142
Gateway signs	11,429	-	-	11,429
Total	173,758	-	-	173,758

Accumulated amortization	Balance at December 31, 2019	Disposals	Amortization expense	Balance at December 31, 2020
Furniture and equipment	\$ 76,497	\$ -	\$ 12,131	\$ 88,628
Leasehold improvements	20,048	-	691	20,739
Computer equipment	3,113	-	1,713	4,826
Banners	6,668	-	5,046	11,714
Gateway signs	3,429	-	2,286	5,715
Total	109,755	-	21,867	131,622

Net book value	December 31, 2019	December 31, 2020
Furniture and equipment	\$ 44,812	\$ 32,681
Leasehold improvements	691	-
Computer equipment	2,026	313
Banners	8,474	3,428
Gateway signs	8,000	5,714
Total	64,003	42,136

(a) Contributed tangible capital assets:

The Business Improvement Area received no contributed tangible capital assets in 2020 or 2019.

(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, 2020

2. Tangible capital assets (continued):

(c) Write-down of tangible capital assets:

The Business Improvement Area has not recorded write-downs of tangible capital assets during the year or 2019.

3. Related party transactions:

(a) City of Hamilton:

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

	2020	2019
Revenue:		
Member levy collected on behalf of the Business Improvement Area	\$ 248,135	\$ 240,222
City of Hamilton grants	10,810	26,644

The City of Hamilton has also contributed \$5,510 (2019 - \$5,444) to commercial improvement programs undertaken by the Business Improvement Area and \$5,300 (2019 - \$21,200) in other grants.

At the end of the year, the Business Improvement Area had a payable to the City of Hamilton of \$1,866 (2019 - \$9,779) for the deficit of the member levy collected by the City of Hamilton as well as \$427 (2019 - \$427) for the annual audit accrual net of \$1,300 (2019 - \$1,200) 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:

	2020	2019
Expenses:		
Professional fees	\$ 1,550	\$ 2,025
Advertising and promotion	100	200

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

WATERDOWN BUSINESS IMPROVEMENT AREA

Notes to Financial Statements (continued)

Year ended December 31, 2020

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 October 2020 with a maturity date in February 2021. As at December 31, 2020, cost approximated the market value of the GIC and interest income has been accrued in the amount of \$47 (2019 - \$1,506).

5. Accumulated surplus:

Accumulated surplus consists of balances as follows at December 31:

	2020	2019
Surplus:		
Invested in tangible capital assets	\$ 42,136	\$ 64,003
Operating fund	111,443	111,088
	153,579	175,091
Reserve funds set aside by Waterdown Business Improvement Area:		
Marketing and advertising	60,000	70,000
	\$ 213,579	\$ 245,091

6. Commitments:

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

2021	\$ 32,800
2022	34,000
2023	34,800
2024	23,200
	\$ 124,800

7. Budget data:

The budget data presented in these financial statements is based upon the 2020 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, 2020

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, 2020, COVID-19 has caused the Business Improvement Area to cancel some events and close the farmers market for the year. 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.