

Financial Statements of

**WESTDALE BUSINESS
IMPROVEMENT AREA**

And Independent Auditor's Report thereon

Year ended December 31, 2020



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

INDEPENDENT AUDITOR'S REPORT

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

Opinion

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

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

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.

- 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 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 auditor's 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 16, 2023

WESTDALE BUSINESS IMPROVEMENT AREA

Financial Statements

Year ended December 31, 2020

Financial Statements

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WESTDALE BUSINESS IMPROVEMENT AREA

Statement of Financial Position

December 31, 2020, with comparative information for 2019

	2020	2019
Financial assets		
Cash	\$ 62,965	\$ 8,019
HST receivable	35,996	25,791
Due from City of Hamilton (note 4)	600	29,807
	<u>99,561</u>	<u>63,617</u>
Financial liabilities		
Accounts payable and accrued liabilities	2,034	4,530
Net financial assets	<u>97,527</u>	<u>59,087</u>
Non-financial assets		
Tangible capital assets (note 2)	36,303	9,392
Prepaid expenses	1,751	2,552
	<u>38,054</u>	<u>11,944</u>
COVID-19 (note 6)		
Accumulated surplus (note 3)	<u>\$ 135,581</u>	<u>\$ 71,031</u>

See accompanying notes to financial statements.

On behalf of the Board:

_____ Director

_____ Director

WESTDALE BUSINESS IMPROVEMENT AREA

Statement of Operations

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

	Budget (note 5)	2020	2019
Revenue:			
Assessment levy (note 4)	\$ 125,000	\$ 124,234	\$ 124,234
City of Hamilton grants (note 4)	–	54,062	31,522
Federal grant	–	–	5,426
Other income	–	5,100	3,710
	125,000	183,396	\$ 164,892
Expenses:			
Advertising	33,000	40,982	38,446
Amortization	–	3,107	2,808
Audit and legal fees	–	2,259	2,235
Bank charges	–	67	165
Beautification	18,000	28,060	41,548
Consulting	33,000	–	26,854
Festival	34,000	31,743	58,396
Insurance	–	4,249	3,260
Office and general expense	5,000	4,203	2,444
Wages	2,000	4,176	8,385
	125,000	118,846	184,541
Annual surplus (deficit)	–	64,550	(19,649)
Accumulated surplus, beginning of year	71,031	71,031	90,680
Accumulated surplus, end of year	\$ 71,031	\$ 135,581	\$ 71,031

See accompanying notes to financial statements.

WESTDALE BUSINESS IMPROVEMENT AREA

Statement of Changes in Net Financial Assets

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

	2020	2019
Annual surplus (deficit)	\$ 64,550	\$ (19,649)
Amortization of tangible capital assets	3,107	2,808
Acquisition of tangible capital assets	(30,018)	(200)
Decrease (increase) in prepaid expenses	801	(115)
Change in net financial assets	38,440	(17,156)
Net financial assets, beginning of year	59,087	76,243
Net financial assets, end of year	\$ 97,527	\$ 59,087

See accompanying notes to financial statements.

WESTDALE 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 (deficit)	\$ 64,550	\$ (19,649)
Items not involving cash:		
Amortization	3,107	2,808
Change in non-cash assets and liabilities:		
Accounts receivable	—	6,246
HST receivable	(10,205)	(19,017)
Accounts payable and accrued liabilities	(2,496)	(6,136)
Prepaid expenses	801	(115)
Cash from operating activities	55,757	(35,863)
Investing activities:		
Acquisition of tangible capital assets	(30,018)	(200)
Financing activities:		
Change in due from City of Hamilton	29,207	(29,782)
Net increase (decrease) in cash	54,946	(65,845)
Cash, beginning of year	8,019	73,864
Cash, end of year	\$ 62,965	\$ 8,019

See accompanying notes to financial statements.

WESTDALE BUSINESS IMPROVEMENT AREA

Notes to Financial Statements

Year ended December 31, 2020

The Westdale Business Improvement Area (the "Business Improvement Area") was established in 1986 by the Council of the City of Hamilton and has been entrusted with the improvement, beautification and maintenance of municipally owned land, buildings and structures in the improvement area, beyond such expenditure by the Municipality. The Business Improvement Area is also responsible for the promotion of this improvement area for business and shopping.

1. Significant accounting policies:

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

(a) Basis of accounting:

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

(b) Government transfers:

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

(c) Other income:

Other income is recognized as revenue in the period earned.

WESTDALE BUSINESS IMPROVEMENT AREA

Notes to Financial Statements (continued)

Year ended December 31, 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 depreciated on a straight-line basis over their estimated useful lives as follows:

Asset	Useful life – years
Furniture and equipment	10
Decorations	3

(e) Use of estimates:

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

WESTDALE BUSINESS IMPROVEMENT AREA

Notes to Financial Statements (continued)

Year ended December 31, 2020

2. Tangible capital assets:

Cost	Balance at December 31, 2019	Additions	Disposals	Balance at December 31, 2020
Furniture and equipment	\$ 16,889	\$ 30,018	\$ –	\$ 46,907
Computer hardware	1,337	–	–	1,337
Decorations	50,463	–	–	50,463
Total	\$ 68,689	\$ 30,018	\$ –	\$ 98,707

Accumulated Amortization	Balance at December 31, 2019	Disposals	Amortization expense	Balance at December 31, 2020
Furniture and equipment	\$ 8,615	\$ –	\$ 2,571	\$ 11,186
Computer hardware	1,337	–	–	1,337
Decorations	49,345	–	536	49,881
Total	\$ 59,297	\$ –	\$ 3,107	\$ 62,404

Net book value	December 31, 2019	December 31, 2020
Furniture and equipment	\$ 8,274	\$ 35,721
Decorations	1,118	582
Total	\$ 9,392	\$ 36,303

WESTDALE 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 or 2019.

3. Accumulated surplus:

Accumulated surplus consists of the following:

	2020	2019
Surplus:		
Invested in tangible capital assets	\$ 36,303	\$ 9,392
Operating	97,527	59,087
Prepaid expenses	1,751	2,552
Accumulated surplus	\$ 135,581	\$ 71,031

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	\$ 124,234	\$ 124,234
City of Hamilton Grants	54,062	31,522

WESTDALE 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 \$11,551 (2019 - \$12,067) to commercial improvement programs undertaken by the Business Improvement Area, \$16,068 (2019 - \$18,255) to a parking revenue sharing program and \$26,443 (2019 - \$1,200) in other grants.

At the end of the year, the Business Improvement Area had a receivable of \$1,300 (2019 - \$31,072) from the City of Hamilton for outstanding grants. The Business Improvement Area had a payable of \$700 (2019 - \$1,265) to the City of Hamilton for the member levy deficit in the year and audit fee expenses.

5. Budget data:

The budget data presented in these financial statements is based upon the 2020 budget approved by the Board on October 21, 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.

6. 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.