



City of Hamilton Report for Information

To:	Chair and Members Audit, Finance & Administration Committee
Date:	July 10, 2025
Report No:	FCS25039
Subject/Title:	2023 Hamilton Waterfront Trust Audited Financial Statements
Ward(s) Affected:	City Wide

Recommendations

That Report FCS25039, “2023 Hamilton Waterfront Trust Audited Financial Statements” **BE RECEIVED** for information.

Key Facts

- On June 3, 2025, the City received the audited financial statements of the Hamilton Waterfront Trust for the year ended December 31, 2023, included as Appendix “A”.
- As directed by Council, the City and the Hamilton Waterfront Trust are continuing to work collaboratively to wind down the Hamilton Waterfront Trust and transition programming and services to the City.

Financial Considerations

There are no financial considerations associated with the receipt of Report FCS25039, which is provided for information purposes and summarizes the financial position of the Hamilton Waterfront Trust as of December 31, 2023.

Background

The Hamilton Waterfront Trust (“HWT”) was established in 2000 as a separate organization and legal entity from the City with the mandate to invest in and improve public access to the waterfront and enhance the area for the enjoyment of residents and visitors. The City and the HWT are working collaboratively to wind down the HWT and transition programming and services to the City as directed by Council.

In accordance with the Revised Deed of Trust dated October 1, 2018, between the City and the HWT, the HWT's financial statements are audited annually by external auditors. The Revised Deed of Trust requires the HWT to present its audited financial statements to Council, or an appropriate City Committee, within 90 days of the end of each fiscal year.

Analysis

In alignment with the intent of the Revised Deed of Trust, the HWT submitted its audited financial statements for the year ended December 31, 2023 to the City Clerk on June 3, 2025 (attached as Appendix "A"). The audit was completed following Council's decision to dissolve the HWT. The City has not received the 2024 HWT audited financial statements.

Statement of Financial Position Analysis

The financial position of the HWT for 2023 compared with 2022 is presented in Table 1.

Table 1
Hamilton Waterfront Trust Consolidated Statement of
Financial Position – 2023 with 2022 Comparison

December 31			Increase or Decrease during 2023	
	2023	2022	\$	%
Assets				
Current				
Cash	\$ 532,894	\$ 390,442	\$ 142,452	36.5%
Accounts receivable	873,740	2,425,866	(1,552,126)	(64.0%)
Inventories and prepaid expenses	31,362	28,914	2,448	8.5%
Current portion of note receivable	166,000	112,144	53,856	48.0%
	1,603,996	2,957,366	(1,353,370)	(45.8%)
Capital assets	140,427	1,144,169	(1,003,742)	(87.7%)
Note receivable	1,117,638	1,288,123	(170,485)	(13.2%)
	\$ 2,862,061	\$ 5,389,658	\$(2,527,597)	(46.9%)
Liabilities and Net Assets				
Accounts payable and accrued liabilities	\$ 737,932	\$ 1,842,154	\$(1,104,222)	(59.9%)
Current portion of deferred capital	14,331	48,500	(34,169)	(70.5%)
	752,263	1,890,654	(1,138,391)	(60.2%)
Deferred revenue - City of Hamilton	-	-	-	0.0%
Deferred capital contributions	-	1,036,593	(1,036,593)	(100.0%)
	752,263	2,927,247	(2,174,984)	(74.3%)
Net assets	2,109,798	2,462,411	(352,613)	(14.3%)
	\$ 2,862,061	\$ 5,389,658	\$(2,527,597)	(46.9%)

Net Worth: HWT's 2023 net worth represented by the net assets position of \$2.1 M has decreased by \$353 K due to a deficit in earnings in 2023 in the same amount.

Explanations on revenue and expenses contributing to this decrease are explained in the income statement analysis section.

Assets: HWT's total assets in 2023 were \$2.8 M. This represents a decrease of \$2.5 M from 2022 mainly due to decreased cash from paying off current liabilities (Accounts Payable) and as a result of decreased revenues. The receivable current portion is decreasing as expected.

Liabilities: HWT's total liabilities in 2023 were \$752 K. This has decreased substantially from 2022 as deferred capital contributions and current liabilities have decreased by a combined \$1.1 M.

Statement of Operations and Changes in Net Assets Analysis

The financial results of HWT for 2023 compared with 2022 is presented in Table 2.

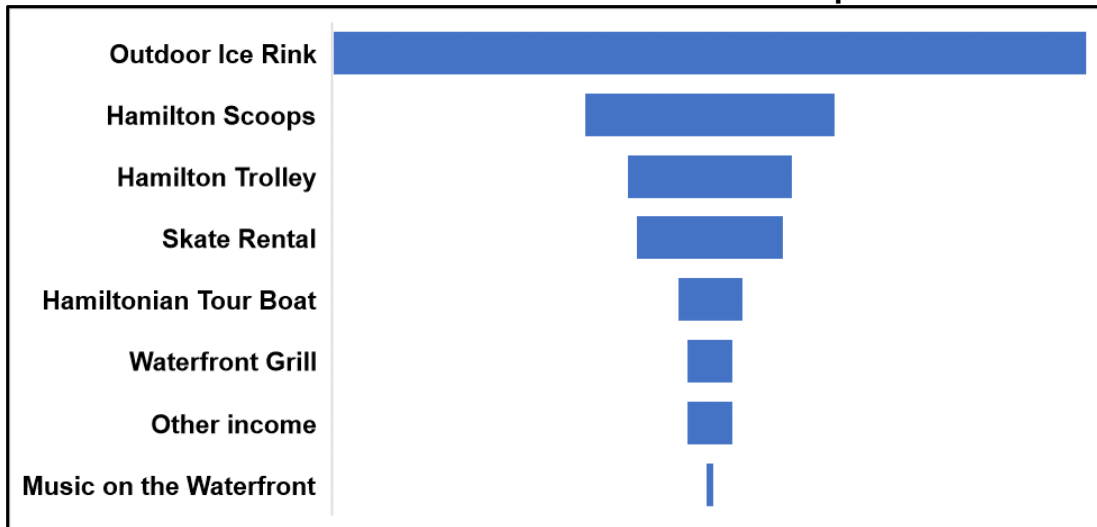
Table 2
Hamilton Waterfront Trust Consolidated Statement of Operations and
Changes in Net Assets – 2023 with 2022 Comparison

For the year ended December 31			Increase or Decrease during 2023	
	2023	2022	\$	%
Revenue				
Investment income	\$ 3,486	\$ 850	\$ 2,636	310.1%
City of Hamilton contract and management income	-	34,305	(34,305)	(100.0%)
Other income	24,494	663	23,831	3594.4%
Hamiltonian Tour Boat	34,245	39,530	(5,285)	(13.4%)
Hamilton Scoops	128,585	142,519	(13,934)	(9.8%)
Hamilton Trolley	85,366	73,321	12,045	16.4%
Waterfront Grill	24,613	42,738	(18,125)	(42.4%)
HWT Centre	-	67,736	(67,736)	(100.0%)
Outdoor Ice Rink	384,497	343,054	41,443	12.1%
Skate Rental	76,006	118,762	(42,756)	(36.0%)
Fishing Derby	-	400	(400)	(100.0%)
Waterfront Wheels	-	2,376	(2,376)	(100.0%)
Music on the Waterfront	5,062	7,482	(2,420)	(32.3%)
	766,354	873,736	(107,382)	(12.3%)
Expenses				
Advertising and promotion	549	2,266	(1,717)	(75.8%)
Bad debts	-	-	-	0.0%
Bank charges	13,801	1,002	12,799	1277.3%
Building expenses	97,012	13,306	83,706	629.1%
Dues and memberships	1,159	715	444	62.1%
Equipment expenses	1,335	3,801	(2,466)	(64.9%)
Insurance	6,666	27,889	(21,223)	(76.1%)
Office expenses	25,782	20,591	5,191	25.2%
Professional fees	52,614	44,393	8,221	18.5%
Salaries and benefits	291,169	386,441	(95,272)	(24.7%)
Telephone	7,573	9,623	(2,050)	(21.3%)
Travel	672	1,596	(924)	(57.9%)
Hamiltonian Tour Boat	21,230	20,509	721	3.5%
Hamilton Scoops	83,388	94,312	(10,924)	(11.6%)
Hamilton Trolley	37,216	46,995	(9,779)	(20.8%)
Fishing Derby	-	8,704	(8,704)	(100.0%)
Waterfront Grill	31,370	44,789	(13,419)	(30.0%)
HWT Centre	-	24,861	(24,861)	(100.0%)
Outdoor Ice Rink	384,497	346,232	38,265	11.1%
Skate Rental	48,717	52,790	(4,073)	(7.7%)
Waterfront Wheels	-	383	(383)	(100.0%)
Music on the Waterfront	8,133	8,730	(597)	(6.8%)
Cup & Cone Operations	1,039	-	1,039	0.0%
Training	750	-	750	0.0%
	1,114,672	1,159,928	(45,256)	(3.9%)
Deficiency of revenue over expenses before amortization and other revenue (expenses)	(348,318)	(286,192)	(62,126)	21.7%
Other revenue (expenses)				
Amortization of capital assets	(29,322)	(20,775)	(8,547)	41.1%
Amortization of deferred capital contributions	-	-	-	0.0%
Government assistance	-	10,696	(10,696)	(100.0%)
Gain on Disposal of HWT Centre	-	-	-	0.0%
Property Taxes	-	-	-	0.0%
Expenses associated with tenant dispute	-	-	-	0.0%
Grant Income	-	69,731	(69,731)	(100.0%)
Interest Income	49,370	53,856	(4,486)	(8.3%)
Loss on Disposal of Assets	-	(43,156)	43,156	(100.0%)
	20,048	70,352	(50,304)	(71.5%)
Deficiency of revenue over expenses before Loss from discontinued operations	(328,270)	(215,840)	(112,430)	52.1%
Loss from discontinued operations	(24,343)	(142,513)	118,170	(82.9%)
Deficiency of revenue over expenses for the year	(352,613)	(358,353)	5,740	(1.6%)
Net assets, beginning of year	2,462,411	2,820,764	(358,353)	(12.7%)
Net assets, end of year	\$ 2,109,798	\$ 2,462,411	\$ (352,613)	(14.3%)

Net Deficit: HWT’s net deficit shown as deficiency of revenue over expenses was \$352 K for 2023 which was comparable to the 2022 result.

Revenue: HWT’s total revenue for 2023 was \$766 K which represents an increase of 12.3% compared to 2022. The composition of the revenue sources is presented in Figure 1.

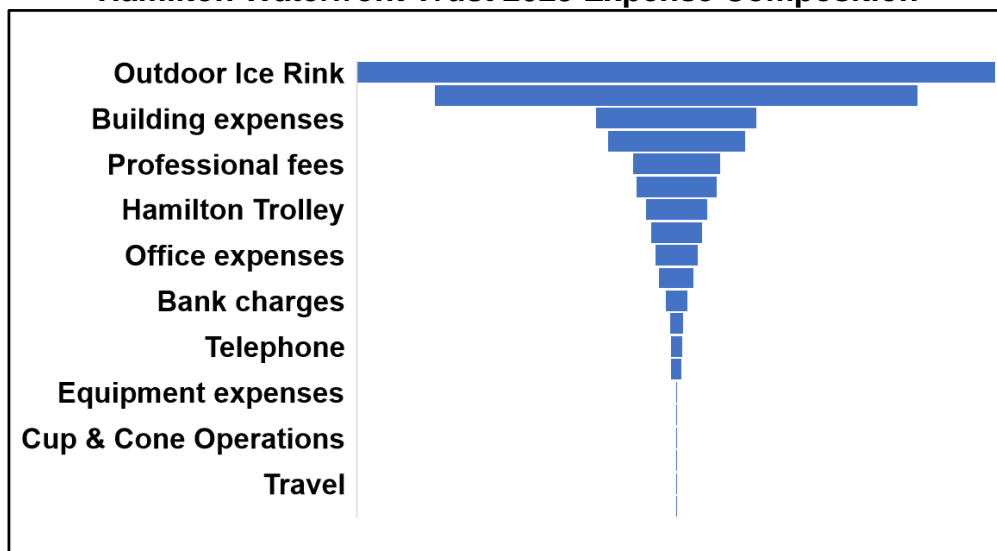
Figure 1
Hamilton Waterfront Trust 2023 Revenue Composition



HWT’s revenue decreased by 12% (\$107 K) in 2023, predominately attributable to the cessation of the City of Hamilton contract and management income and loss of the HWT Centre revenue.

Expenses: The HWT’s total expenses for 2023 were \$1.14 M which represents a decrease of 3.9% compared to 2022. The composition of expenses is presented in Figure 2.

Figure 2
Hamilton Waterfront Trust 2023 Expense Composition



HWT's expenses decreased by 4% (\$45 K) in 2023 which is not directly attributable to any key set of reductions.

Financial Indicators Analysis

Table 3 provides an overview of key financial indicators for HWT based on the 2023 financial statements.

Table 3
Hamilton Waterfront Trust Key Financial Indictors

Financial Indicator	HWT \$	Trend
Assets	2,862,061	↓
Current Assets (CA)	1,603,996	↓
Equity	2,109,798	↓
Net Income (Loss)	(352,613)	↑
Cash	532,894	↑
Liabilities		
Current Liabilities (CL)	752,263	↑
Non-Current Liabilities	-	-
Debt (Borrowings)	-	-
Ratios:		
<u>Liquidity Measurement Ratio</u>		
Current Ratio (CA/CL)		
2023	2.13	↑
2022	1.56	
<u>Debt Ratio</u>		
Debt to Equity Ratio		
2023	0.36	↑
2022	1.19	
<u>Income</u>		
Gross Margin		
2023	(45.5%)	↓
2022	(32.8%)	

The definitions for terms used in Table 3 are detailed below.

- Current Assets: Assets that are expected to be sold, consumed, utilized or exhausted through the standard business operations over the next year.
- Equity: The value of all assets less any liabilities. Equity is the value left over if an entity were to utilize assets to meet all liability obligations.
- Current Liabilities: Debts or obligations that are due within one year or within a normal operating cycle.

- Non-Current Liabilities: Debts or obligations that are not due within one year or within normal operations.
- Current Ratio: A standard liquidity ratio calculated as Current Assets divided by Current Liabilities. The current ratio is a measure of the ability to pay short term obligations. A higher current ratio is preferable to demonstrate ability to pay liabilities.
- Debt Ratio: A standard ratio calculated as total liabilities divided by equity. It is used to evaluate an entity's financial leverage. A ratio of less than 1.00 is considered positive and over 1.00 indicates equity is less than liabilities.
- Gross Margin: A primary measure to evaluate an entity's health and competitiveness. Gross margin is measured as a percentage which indicates the amount of revenue per dollar after deducting expenses.

HWT's current ratio is trending positively at 2.13 in 2023 compared to 1.56 in 2022. This indicates that the HWT has sufficient ability to pay outstanding liabilities with current assets. The debt to equity ratio is also trending positively as 0.36 in 2023 was down from 1.19 in 2022 and indicates equity exceeds liabilities. Lastly, the gross margin is trending negatively and is down to (45.5%) in 2023 from (32.8%) in 2022 as the deficit as a portion of sales has increased.

The above analysis is of limited relevance as it reflects outdated information. Staff is actively coordinating with HWT to obtain the audited financial statements for 2024.

Alternatives

Not Applicable

Relationship to Council Strategic Priorities

Report FCS25039 is being presented to the Audit, Finance & Administration Committee by staff in order to support Council Priority 3: Responsiveness & Transparency.

Previous Reports Submitted

- General Issues Committee, April 9, 2025: [FCS23029\(c\): Hamilton Waterfront Trust Governance Update Changes \(Confidential\)](#)
 - Council, April 16, 2025: [FCS23029\(c\) Recommendations for Public Release](#)
- General Issues Committee, November 6, 2024: [FCS23029\(b\): Hamilton Waterfront Trust Governance Update \(Confidential\)](#)
- General Issues Committee, August 14, 2023: [FCS23029\(a\): Hamilton Waterfront Trust Business Model Review](#)
- General Issues Committee, March 22, 2023: [FCS23029: Hamilton Waterfront Trust Business Model Review](#)
- Audit, Finance and Administration Committee, April 21, 2022: [FCS22019: Analysis for Hamilton Waterfront Trust - December 31, 2020 - Audited Financial Statements](#)

Consultation

Not Applicable

Appendices and Schedules Attached

Appendix “A” to Report FCS25039 – 2023 Hamilton Waterfront Trust Audited Financial Statements

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