



# INFORMATION REPORT

<b>TO:</b> Chair and Members Audit, Finance and Administration Committee	<b>WARD(S) AFFECTED:</b> CITY WIDE
<b>COMMITTEE DATE:</b> December 10, 2012	
<b>SUBJECT/REPORT NO:</b> 2011 Audited Financial Statements for City of Hamilton Business Improvement Areas (FCS12106) (City Wide)	
<b>SUBMITTED BY:</b> Roberto Rossini General Manager Finance & Corporate Services Department	<b>PREPARED BY:</b> Brian McMullen 905-546-2424 ext. 4467
<b>SIGNATURE:</b>	

**Council Direction:**

None.

**Information:**

Each year, the financial statements of the individual Business Improvement Areas (BIAs) of the City of Hamilton are audited by external auditors as prescribed by the Municipal Act. The financial statements of each BIA are prepared by management of the BIA and are approved by the board of management of the BIA.

City management decided that Council, through the Audit, Finance and Administration Committee, would receive the 2011 Audited Financial Statements of the BIAs in accordance with section 207 of the Municipal Act.

**SUBJECT: 2011 Audited Financial Statements for City of Hamilton Business Improvement Areas (FSC12106) (City Wide) - Page 2 of 2**

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Section 207(1) of The Municipal Act refers to Business Improvement Areas and states:

“A board of management shall submit its annual report for the preceding year to Council by the date and in the form required by the municipality and the report shall include audited financial statements. 2001, c. 25, s. 207 (1).”

Appendix “A” to Report FCS12106 includes the final board approved financial statements for Ancaster BIA, Barton Village BIA, Downtown Hamilton BIA, Dundas BIA, International Village BIA, Locke Street BIA, Ottawa Street BIA, Stoney Creek BIA and Waterdown BIA. All of these BIA’s have received an unqualified audit opinion, .

Draft financial statements for Concession Street BIA, King St. West BIA and Westdale BIA have not yet been approved by the boards of management of these business improvement areas. City staff and the City’s auditors, Grant Thornton LLP, continue to communicate with these BIA’s to obtain approval of the 2011 financial statements.

**Appendices / Schedules:**

Appendix “A” to Report FCS12106 – 2011 Audited Financial Statements for Business Improvement Area for December 31, 2011.



Financial Statements

Ancaster Heritage Village Business Improvement Area

December 31, 2011

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## Independent Auditor's Report

Grant Thornton LLP  
33 Main Street East  
Hamilton, ON  
L8N 4K5  
T (905) 523-7732  
F (905) 572-9333  
[www.GrantThornton.ca](http://www.GrantThornton.ca)

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

We have audited the accompanying financial statements of Ancaster Heritage Village Business Improvement Area ("the Organization"), which comprise the statement of financial position as at December 31, 2011, and the statements of operations, changes in net financial assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

### **Management's responsibility for the financial statements**

Management is responsible for the preparation and fair presentation of these 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.

### **Auditor's responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Organization's preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.



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

**Opinion**

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Organization as at December 31, 2011, and the results of its operations for the year then ended in accordance with Canadian public sector accounting standards.

**Emphasis of matter**

Without modifying our report we draw attention to the budget figures which are provided for comparative purposes only. They have not been subject to audit procedures. Accordingly, we do not express an opinion on the budget figures.

Hamilton, Canada  
May 14, 2012

*Grant Thornton LLP*

Chartered Accountants  
Licensed Public Accountant

**Ancaster Heritage Village Business Improvement Area  
Statement of Financial Position**

December 31	2011	2010
<b>Financial assets</b>		
Cash	\$ 75,434	\$ 50,023
Due from the City of Hamilton	<u>485</u>	<u>1,736</u>
	<u>75,919</u>	<u>51,759</u>
<b>Liabilities</b>		
Accounts payable and accruals	2,410	171
Deferred revenue	<u>23,325</u>	<u>-</u>
	<u>25,735</u>	<u>171</u>
<b>Net financial assets</b>	<u>50,184</u>	<u>51,588</u>
<b>Non-financial assets</b>		
Tangible capital assets (Note 3)	59,405	40,211
Prepaid expenses	<u>2,621</u>	<u>2,549</u>
	<u>62,026</u>	<u>42,760</u>
<b>Accumulated surplus (Note 7)</b>	<u>\$ 112,210</u>	<u>\$ 94,348</u>

On behalf of the Board

\_\_\_\_\_ Director \_\_\_\_\_ Director

See accompanying notes to the financial statements

**Ancaster Heritage Village Business Improvement Area**  
**Statement of Operations**

Year Ended December 31	2011 Budget	2011 Actual	2010 Actual
(Unaudited)			
<b>Revenue</b>			
Assessment levy (Note 4)	\$ 93,300	\$ 93,300	\$ 101,411
Farmer's market grant	-	-	15,000
Start-up grant (Note 4)	-	15,000	-
City of Hamilton grants (Note 4)	-	15,279	7,522
Farmer's market income	-	6,573	3,100
Other income	-	255	1,061
	<u>93,300</u>	<u>130,407</u>	<u>128,094</u>
<b>Expenses</b>			
Administration	3,000	-	662
Advertising and promotion	28,400	29,218	12,000
Amortization	-	13,598	9,072
Ancaster farmers market	-	5,867	5,097
Bad debt	-	634	952
Bank charges and interest	-	482	232
Beautification	32,975	7,647	5,283
CIP expenditures	-	6,903	7,522
Contingency	5,000	-	42
Community events support	4,500	554	7,258
Donations	-	5,100	-
Salaries	25,000	26,688	15,000
Insurance	5,000	4,494	5,172
Office expenses	10,000	2,059	2,117
Professional fees	425	599	1,226
Rent	7,000	6,780	6,580
Utilities	-	1,422	122
	<u>121,300</u>	<u>112,545</u>	<u>78,337</u>
Annual surplus	\$ <u>(28,000)</u>	17,862	49,757
Accumulated surplus, beginning of year		<u>94,348</u>	<u>44,591</u>
Accumulated surplus, end of year		<u>\$ 112,210</u>	<u>\$ 94,348</u>

See accompanying notes to the financial statements



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**Ancaster Heritage Village Business Improvement Area**  
**Statement of Changes in Net Financial Assets**

Year Ended December 31	2011	2010
Annual surplus	\$ 17,862	\$ 49,757
Acquisition of tangible capital assets	(32,792)	(14,066)
Amortization of tangible capital assets	13,598	9,072
Increase in prepaid expenses	<u>(72)</u>	<u>(1,129)</u>
Change in net financial assets	(1,404)	43,634
Net financial assets, beginning of year	<u>51,588</u>	<u>7,954</u>
Net financial assets, end of year	<u>\$ 50,184</u>	<u>\$ 51,588</u>

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See accompanying notes to the financial statements

## Ancaster Heritage Village Business Improvement Area Statement of Cash Flows

Year ended December 31	2011	2010
Increase (decrease) in cash		
<b>Operating</b>		
Annual surplus	\$ 17,862	\$ 49,757
Amortization	<u>13,598</u>	<u>9,072</u>
	31,453	58,829
Changes in non-cash operating working capital:		
Prepaid expenses	(72)	(1,129)
Accounts payable and accruals	2,239	(22,661)
Deferred revenue	<u>23,325</u>	<u>-</u>
	<u>56,945</u>	<u>35,039</u>
<b>Investing</b>		
Purchase of tangible capital assets	<u>(32,792)</u>	<u>(14,066)</u>
<b>Financing</b>		
Repayment from the City of Hamilton	<u>1,251</u>	<u>(3,247)</u>
Net increase in cash	25,441	17,726
Cash, beginning of year	<u>50,023</u>	<u>32,297</u>
Cash, end of year	<u>\$ 75,434</u>	<u>\$ 50,023</u>

See accompanying notes to the financial statements

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## Ancaster Heritage Village Business Improvement Area Notes to the Financial Statements

December 31, 2011

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### 1. Purpose of the Organization

Ancaster Heritage Village Improvement Area ("the Organization") was established in 2009 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 Organization is also responsible for the promotion of this improvement area for business and shopping. The Organization is financed by a special levy charged upon businesses in the improvement area.

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### 2. Summary of significant accounting policies

The financial statements of the Organization are prepared by management in accordance with Canadian public sector accounting standards for local governments, as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants. Significant aspects of the accounting policies adopted by the Organization are as follows:

#### Basis of accounting

Revenue and expenses are recorded on the accrual basis. The accrual basis of accounting recognizes revenues as they become available 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.

#### 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.

#### Tangible capital assets

Tangible capital assets are recorded at cost which includes all 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:

Decorations/ banners	5 years
Furniture and equipment	10 years

## Ancaster Heritage Village Business Improvement Area Notes to the Financial Statements

December 31, 2011

### 2. Summary of significant accounting policies (continued)

#### Use of estimates

The preparation of financial statements in conformity with Canadian public sector accounting standards 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 reporting period. Actual results may vary from the current estimates. These estimates are reviewed periodically and, as adjustments become necessary, they are reported in operations in the periods in which they become known.

### 3. Tangible capital assets

Details of the capital assets are:

	<u>Decorations</u>	<u>Furniture</u>	<u>2011</u>	<u>2010</u>
<b>Cost</b>				
Balance, beginning of year	\$ 49,992	\$ 3,204	\$ 53,196	\$ 39,130
Additions during the year	<u>32,792</u>	<u>-</u>	<u>32,792</u>	<u>14,066</u>
Balance, end of year	<u>82,784</u>	<u>3,204</u>	<u>85,988</u>	<u>53,196</u>
<b>Accumulated amortization</b>				
Balance, beginning of year	12,825	160	12,985	3,913
Amortization for the year	<u>13,278</u>	<u>320</u>	<u>13,598</u>	<u>9,072</u>
Balance, end of year	<u>26,103</u>	<u>480</u>	<u>26,583</u>	<u>12,985</u>
<b>Net book value</b>	<u>\$ 56,681</u>	<u>\$ 2,724</u>	<u>\$ 59,405</u>	<u>\$ 40,211</u>

### 4. Related party transactions

During the year, the Organization recorded the following transactions with the City of Hamilton:

	<u>2011</u>	<u>2010</u>
Revenues:		
Member levy collected on behalf of the Ancaster Heritage Village Business Improvement Area	<u>\$ 93,300</u>	<u>\$ 101,411</u>

The City of Hamilton has also contributed \$6,903 (2010 - \$7,522) to commercial improvement programs undertaken by the Organization, \$15,000 (2010 - \$Nil) for a program to purchase new planters and \$7,471 (2010 - \$Nil) to a parking revenue sharing program.

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## Ancaster Heritage Village Business Improvement Area Notes to the Financial Statements

December 31, 2011

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### 6. Financial instruments

The Organization's financial instruments consist of cash and payables and accruals. It is management's opinion that the Organization is not exposed to significant interest rate risk arising from these financial instruments. The fair values of these financial instruments approximate their carrying values.

The Organization's revenues are dependent on commercial property tax levies and bad debts have not been significant. As such, concentrations of credit risk are considered to be minimal.

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### 7. Accumulated surplus

	<u>2011</u>	<u>2010</u>
Invested in capital assets	\$ 59,405	\$ 40,211
Surplus	<u>52,805</u>	<u>54,137</u>
Accumulated surplus	<u>\$ 112,210</u>	<u>\$ 94,348</u>



Financial Statements

Barton Village Business Improvement Area

December 31, 2011

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## Independent Auditor's Report

Grant Thornton LLP  
33 Main Street East  
Hamilton, ON  
L8N 4K5

T (905) 523-7732  
F (905) 572-9333  
[www.GrantThornton.ca](http://www.GrantThornton.ca)

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

We have audited the accompanying financial statements of Barton Village Business Improvement Area ("the Organization"), which comprise the statement of financial position as at December 31, 2011, and the statement of operations, changes in net financial assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

### **Management's responsibility for the financial statements**

Management is responsible for the preparation and fair presentation of these 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.

### **Auditor's responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Organization's preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.



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

**Opinion**

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Organization as at December 31, 2011, and the results of its operations for the year then ended in accordance with Canadian public sector accounting standards.

**Emphasis of matter**

Without modifying our report we draw attention to the budget figures which are provided for comparative purposes only. They have not been subject to audit procedures. Accordingly, we do not express an opinion on the budget figures.

Hamilton, Canada  
August 22, 2012



Chartered Accountants  
Licensed Public Accountants

**Barton Village Business Improvement Area  
Statement of Financial Position**

December 31	2011	2010
<b>Financial assets</b>		
Cash and cash equivalents	\$ 17,433	\$ 17,225
Due from City of Hamilton	<u>14,004</u>	<u>-</u>
	<u>31,437</u>	<u>17,225</u>
<b>Liabilities</b>		
Accounts payable and accruals	748	717
Deferred revenue	1,054	1,054
Due to City of Hamilton	<u>-</u>	<u>136</u>
	<u>1,802</u>	<u>1,907</u>
<b>Net financial assets</b>	<u>29,635</u>	<u>15,318</u>
<b>Non-financial assets</b>		
Tangible capital assets (Note 3)	10,792	12,037
Prepaid expenses	<u>447</u>	<u>169</u>
	<u>11,239</u>	<u>12,206</u>
<b>Accumulated surplus (Note 6)</b>	<u>\$ 40,874</u>	<u>\$ 27,524</u>

On behalf of the Board

\_\_\_\_\_ Director \_\_\_\_\_ Director

See accompanying notes to the financial statements

**Barton Village Business Improvement Area**  
**Statement of Operations**

Year Ended December 31	2011 Budget (Unaudited)	2011 Actual	2010 Actual
<b>Revenue</b>			
Advertising income	-	-	5,680
Assessment levy	\$ 46,630	\$ 50,046	\$ 46,998
City of Hamilton grants	-	16,685	3,000
Interest income	-	3	2
	<u>46,630</u>	<u>66,735</u>	<u>55,680</u>
<b>Expenses</b>			
Advertising and promotion	3,550	4,871	1,843
Amortization	-	1,885	1,885
Bad debts	932	973	1,114
Commercial improvement	-	5,124	5,070
Event equipment and supplies	4,700	7,286	8,138
Insurance	1,300	1,509	1,187
Meetings	1,470	1,669	1,619
Memberships	100	-	100
Miscellaneous	-	-	25
Office expense	1,928	1,556	1,583
Professional fees	1,850	1,616	1,434
Rent	6,000	6,000	6,000
Repairs and maintenance	8,800	3,946	2,724
Research and development	1,000	-	1,994
Salaries - administrative	15,000	16,950	15,898
	<u>46,630</u>	<u>53,385</u>	<u>50,614</u>
Annual surplus	\$ -	13,350	5,066
Accumulated surplus, beginning of year		<u>27,524</u>	<u>22,458</u>
Accumulated surplus, end of year		<u>\$ 40,874</u>	<u>\$ 27,524</u>

See accompanying notes to the financial statements

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**Barton Village Business Improvement Area**  
**Statement of Changes in Net Financial Assets**

Year Ended December 31	2011	2010
Annual surplus	\$ 13,350	\$ 5,066
Acquisition of tangible capital assets	(640)	(6,156)
Amortization of tangible capital assets	<u>1,885</u>	<u>1,885</u>
	14,595	795
(Increase) decrease in prepaid expenses	<u>(278)</u>	<u>28</u>
Change in net financial assets	14,317	823
Net financial assets, beginning of year	<u>15,318</u>	<u>14,495</u>
Net financial assets, end of year	<u>\$ 29,635</u>	<u>\$ 15,318</u>

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See accompanying notes to the financial statements

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**Barton Village Business Improvement Area**  
**Statement of Cash Flows**

Year ended December 31 2011 2010

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Increase (decrease) in cash and cash equivalents

<b>Operating</b>		
Annual surplus	\$ 13,350	\$ 5,066
Amortization	<u>1,885</u>	<u>1,885</u>
	15,235	6,951
Changes in non-cash operating working capital:		
Prepaid expenses	(278)	28
Accounts payable and accruals	<u>(105)</u>	<u>465</u>
	<u>14,852</u>	<u>7,444</u>
<b>Investing</b>		
Purchase of tangible capital assets	<u>(640)</u>	<u>(6,156)</u>
<b>Financing</b>		
(Repayment of) advances from City of Hamilton	<u>(14,004)</u>	<u>11,757</u>
Net increase in cash	208	13,045
Cash and cash equivalents, beginning of year	<u>17,225</u>	<u>4,180</u>
Cash and cash equivalents, end of year	<u>\$ 17,433</u>	<u>\$ 17,225</u>

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See accompanying notes to the financial statements

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## **Barton Village Business Improvement Area Notes to the Financial Statements**

December 31, 2011

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### **1. Purpose of the Business Improvement Area**

The Barton Village Business Improvement Area ("the Organization") was established 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 Organization is also responsible for the promotion of this improvement area for business and shopping.

The Organization is financed by a special levy charged upon businesses in the improvement area.

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### **2. Summary of significant accounting policies**

The financial statements of the Barton Village Organization are prepared by management in accordance with Canadian public sector accounting standards for local governments, as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants. Significant aspects of the accounting policies adopted by the organization are as follows:

#### **Basis of accounting**

Revenue and expenses are recorded on the accrual basis. The accrual basis of accounting recognizes revenues as they become available 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.

#### **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.

#### **Tangible capital assets**

Tangible capital assets are recorded at cost which includes all 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:

Computer hardware	5 years
Decorations	5 years
Furniture and equipment	10 years

## Barton Village Business Improvement Area Notes to the Financial Statements

December 31, 2011

### 2. Summary of significant accounting policies (continued)

#### Use of estimates

The preparation of financial statements in conformity with Canadian public sector accounting standards 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 reporting period. Actual results may vary from the current estimates. These estimates are reviewed periodically and, as adjustments become necessary, they are reported in earnings in the periods in which they become known.

### 3. Tangible capital assets

	Computer Hardware	Furniture & Equipment	Decorations	2011	2010
<b>Cost</b>					
Balance, beginning of year	\$ 734	\$ 2,702	\$ 12,469	\$ 15,905	\$ 9,749
Additions during the year	-	-	640	640	6,156
Balance, end of year	<u>734</u>	<u>2,702</u>	<u>13,109</u>	<u>16,545</u>	<u>15,905</u>
<b>Accumulated amortization</b>					
Balance, beginning of year	294	825	2,749	3,868	1,983
Amortization for the year	<u>147</u>	<u>270</u>	<u>1,468</u>	<u>1,885</u>	<u>1,885</u>
Balance, end of year	<u>441</u>	<u>1,095</u>	<u>4,217</u>	<u>5,753</u>	<u>3,868</u>
Net book value	<u>\$ 293</u>	<u>\$ 1,607</u>	<u>\$ 8,892</u>	<u>\$ 10,792</u>	<u>\$ 12,037</u>

### 4. Related party transactions

During the year, the Organization recorded the following transactions with the City of Hamilton:

Revenues	2011	2010
Member levy collected on behalf of the Barton Village Business Improvement Area	\$ <u>46,630</u>	\$ <u>46,998</u>

The City of Hamilton has also contributed \$5,124 (2010 - \$5,070) to commercial improvement programs undertaken by the Organization, \$11,561 (2010 - \$Nil) from parking sharing revenue program and \$Nil (2010 - \$610) in other grants.

During the year, the Organization rented office space from a Board member in the amount of \$6,000 (2010 - \$6,000).

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## Barton Village Business Improvement Area Notes to the Financial Statements

December 31, 2011

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### 5. Financial instruments

The Organization's financial instruments consist of cash and cash equivalents and accounts payable and accruals. It is management's opinion that the organization is not exposed to significant interest rate risk arising from these financial instruments. The fair values of these financial instruments approximate their carrying values.

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### 6. Accumulated surplus

	<u>2011</u>	<u>2010</u>
Invested in capital assets	\$ 10,792	\$ 12,037
Surplus	<u>30,082</u>	<u>15,487</u>
Accumulated surplus	<u>\$ 40,874</u>	<u>\$ 27,524</u>



Financial Statements

Downtown Hamilton Business Improvement Area

December 31, 2011

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## Independent auditor's report

Grant Thornton LLP  
33 Main Street East  
Hamilton, ON  
L8N 4K5  
T (905) 523-7732  
F (905) 572-9333  
[www.GrantThornton.ca](http://www.GrantThornton.ca)

To 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

We have audited the accompanying financial statements of Downtown Hamilton Business Improvement Area ("the Organization"), which comprise the statement of financial position as at December 31, 2011, and the statements of operations, changes in net financial assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

### **Management's responsibility for the financial statements**

Management is responsible for the preparation and fair presentation of these 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.

### **Auditor's responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Organization's preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

**Opinion**

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Organization as at December 31, 2011, and the results of its operations for the year then ended in accordance with Canadian public sector accounting standards.

**Emphasis of matter**

Without modifying our report we draw attention to the budget figures which are provided for comparative purposes only. They have not been subject to audit procedures. Accordingly, we do not express an opinion on the budget figures.

Hamilton, Canada  
June 20, 2012



Chartered Accountants  
Licensed Public Accountants

**Downtown Hamilton Business Improvement Area  
Statement of Financial Position**

December 31	2011	2010
<b>Financial assets</b>		
Cash and cash equivalents	\$ 77,413	\$ 39,319
Accounts receivable	27,801	35,305
Due from City of Hamilton	<u>342</u>	<u>6,198</u>
	<u>105,556</u>	<u>80,822</u>
<b>Liabilities</b>		
Accounts payable and accruals	17,201	14,684
Deferred revenue	<u>62,500</u>	<u>-</u>
	<u>79,701</u>	<u>14,684</u>
<b>Net financial assets</b>	<u>25,855</u>	<u>66,138</u>
<b>Non-financial assets</b>		
Tangible capital assets (Note 3)	46,006	51,189
Prepaid expenses	<u>3,582</u>	<u>3,230</u>
	<u>49,588</u>	<u>54,419</u>
<b>Accumulated surplus (Note 7)</b>	<u>\$ 75,443</u>	<u>\$ 120,557</u>

Commitments (Note 6)

On behalf of the Board

\_\_\_\_\_ Director \_\_\_\_\_ Director

See accompanying notes to the financial statements

**Downtown Hamilton Business Improvement Area**

<b>Statement of Operations</b>	2011	2011	2010
Year Ended December 31	Budget	Actual	Actual
	(Unaudited)		
<b>Revenue</b>			
Assessment levy	\$ 238,000	\$ 237,999	\$ 242,006
City of Hamilton grants	4,000	18,013	3,704
Federal grant	1,000	4,102	4,021
Interest	300	47	26
Other income	<u>18,000</u>	<u>23,295</u>	<u>39,536</u>
	<u>261,300</u>	<u>283,456</u>	<u>289,293</u>
<b>Expenses</b>			
Administration	11,000	11,371	9,444
Amortization	-	14,380	20,862
Bad debt	-	563	5,162
Beautification	47,000	41,397	20,505
CIP expenditures	-	3,753	3,704
Miscellaneous	1,000	-	-
Office expenses	49,000	47,942	41,222
Professional fees	3,500	1,855	3,336
Promotions	100,000	130,096	127,592
Salaries	<u>70,000</u>	<u>77,213</u>	<u>68,167</u>
	<u>281,500</u>	<u>328,570</u>	<u>299,994</u>
Annual deficit	\$ <u>(20,700)</u>	(45,114)	(10,701)
Accumulated surplus, beginning of year		<u>120,557</u>	<u>131,258</u>
Accumulated surplus, end of year		<u>\$ 75,443</u>	<u>\$ 120,557</u>

See accompanying notes to the financial statements

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**Downtown Hamilton Business Improvement Area**  
**Statement of Changes in Net Financial Assets**

Year Ended December 31	2011	2010
Annual deficit	\$ (45,114)	\$ (10,701)
Acquisition of tangible capital assets	(9,197)	(16,464)
Amortization of tangible capital assets	<u>14,380</u>	<u>20,862</u>
	(39,931)	(6,303)
Increase in prepaid expenses	<u>(352)</u>	<u>(200)</u>
Change in net financial assets	(40,283)	(6,503)
Net financial assets, beginning of year	<u>66,138</u>	<u>72,641</u>
Net financial assets, end of year	<u>\$ 25,855</u>	<u>\$ 66,138</u>

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See accompanying notes to the financial statements

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**Downtown Hamilton Business Improvement Area**  
**Statement of Cash Flows**

Year ended December 31 2011 2010

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Increase (decrease) in cash and cash equivalents

<b>Operating</b>		
Annual deficit	\$ (45,114)	\$ (10,701)
Amortization	<u>14,380</u>	<u>20,862</u>
	(30,734)	10,161
Changes in non-cash operating working capital:		
Accounts receivable	7,504	(19,782)
Prepaid expenses	(352)	200
Accounts payable and accruals	2,517	740
Deferred revenue	<u>62,500</u>	<u>-</u>
	<u>41,435</u>	<u>9,081</u>
<b>Investing</b>		
Purchase of tangible capital assets	<u>(9,197)</u>	<u>(16,464)</u>
<b>Financing</b>		
Advances from (repayments to) City of Hamilton	<u>5,856</u>	<u>(5,493)</u>
Net increase (decrease) in cash and cash equivalents	38,094	(31,038)
Cash and cash equivalents, beginning of year	<u>39,319</u>	<u>70,357</u>
Cash and cash equivalents, end of year	<u>\$ 77,413</u>	<u>\$ 39,319</u>

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See accompanying notes to the financial statements



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## Downtown Hamilton Business Improvement Area Notes to the Financial Statements

December 31, 2011

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### 1. Purpose of the organization

Downtown Hamilton Business Improvement Area ("the Organization") was established in 1982 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 Organization is also responsible for the promotion of this improvement area for business and shopping. The Organization is financed by a special levy charged upon businesses in the improvement area.

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### 2. Summary of significant accounting policies

The financial statements of the Organization are prepared by management in accordance with Canadian public sector accounting standards for local governments, as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants. Significant aspects of the accounting policies adopted by the Organization are as follows:

#### Basis of accounting

Revenue and expenses are recorded on the accrual basis. The accrual basis of accounting recognizes revenues as they become available 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.

#### 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.

#### Tangible capital assets

Tangible capital assets are recorded at cost which includes all 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:

Computer hardware	5 years
Computer software	3 years
Decorations/ banners	5 years
Furniture and equipment	10 years

## Downtown Hamilton Business Improvement Area Notes to the Financial Statements

December 31, 2011

### 2. Summary of significant accounting policies (continued)

#### Use of estimates

The preparation of financial statements in conformity with Canadian public sector accounting standards 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 reporting period. Actual results may vary from the current estimates. These estimates are reviewed periodically and, as adjustments become necessary, they are reported in operations in the periods in which they become known.

### 3. Tangible capital assets

Details of the capital assets are:

	Computer Hardware	Computer Software	Banners & Decor	Furniture & Equipment	2011	2010
<b>Cost</b>						
Balance, beginning of year	\$ 2,502	\$ 206	\$ 82,477	\$ 37,973	\$ 123,158	\$ 106,694
Additions during the year	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,197</u>	<u>9,197</u>	<u>16,464</u>
Balance, end of year	<u>2,502</u>	<u>206</u>	<u>82,477</u>	<u>47,170</u>	<u>132,355</u>	<u>123,158</u>
<b>Accumulated amortization</b>						
Balance, beginning of year	1,622	206	62,917	7,224	71,969	51,107
Amortization for the year	<u>500</u>	<u>-</u>	<u>9,164</u>	<u>4,717</u>	<u>14,380</u>	<u>20,862</u>
Balance, end of year	<u>2,122</u>	<u>206</u>	<u>72,081</u>	<u>11,941</u>	<u>86,359</u>	<u>71,969</u>
Net book value	<u>\$ 380</u>	<u>\$ -</u>	<u>\$ 10,396</u>	<u>\$ 35,229</u>	<u>\$ 46,006</u>	<u>\$ 51,189</u>

### 4. Related party transactions

During the year, the Organization recorded the following transactions with the City of Hamilton:

Revenues	2011	2010
Member levy collected on behalf of the Downtown Hamilton Business Improvement Area	<u>\$ 237,999</u>	<u>\$ 242,006</u>

The City of Hamilton has also contributed \$3,704 (2010 - \$3,479) to commercial improvement programs undertaken by the Organization, \$14,260 (2010 - \$Nil) from parking sharing revenue program and \$976 (2010 - \$Nil) in other grants.

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## Downtown Hamilton Business Improvement Area Notes to the Financial Statements

December 31, 2011

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### 5. Financial instruments

The Organization's financial instruments consist of cash and cash equivalents, accounts receivable and payables and accruals. It is management's opinion that the Organization is not exposed to significant interest rate risk arising from these financial instruments. The fair values of these financial instruments approximate their carrying values.

The Organization's revenues are dependent on commercial property tax levies and bad debts have not been significant. As such, concentrations of credit risk are considered to be minimal.

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### 6. Commitments

The Organization is committed under a long-term operating lease for the rental of office space. Future minimum lease payments under this operating lease are as follows:

2012	\$ 14,586
2013	14,586
2014	12,155

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### 7. Accumulated surplus

	<u>2011</u>	<u>2010</u>
Invested in capital assets	\$ 46,006	\$ 51,189
Surplus	<u>29,437</u>	<u>69,368</u>
Accumulated surplus	<u>\$ 75,443</u>	<u>\$ 120,557</u>

Financial Statements

Dundas Business Improvement Area

December 31, 2011

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## Independent Auditor's Report

Grant Thornton LLP  
33 Main Street East  
Hamilton, ON  
L8N 4K5  
T (905) 523-7732  
F (905) 572-9333  
[www.GrantThornton.ca](http://www.GrantThornton.ca)

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

We have audited the accompanying financial statements of the Dundas Business Improvement Area ("the Organization"), which comprise the statement of financial position as at December 31, 2011, and the statements of operations, changes in net financial assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

### **Management's responsibility for the financial statements**

Management is responsible for the preparation and fair presentation of these 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.

### **Auditor's responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Organization's preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

**Opinion**

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Organization as at December 31, 2011, and the results of its operations for the year then ended in accordance with Canadian public sector accounting standards.

**Emphasis of matter**

Without modifying our report we draw attention to the budget figures which are provided for comparative purposes only. They have not been subject to audit procedures. Accordingly, we do not express an opinion on the budget figures.

Hamilton, Canada  
June 18, 2012



Chartered Accountants  
Licensed Public Accountants

**Dundas Business Improvement Area  
Statement of Financial Position**

As At December 31 2011 2010

<b>Financial assets</b>		
Cash	\$ 61,010	\$ -
Accounts receivable - other	12,911	20,440
Due from the City of Hamilton	<u>29,805</u>	<u>4,319</u>
	<u>153,726</u>	<u>98,160</u>
 <b>Liabilities</b>		
Bank indebtedness	-	6,266
Accounts payable and accruals	<u>35,339</u>	<u>1,000</u>
	<u>35,339</u>	<u>7,266</u>
 <b>Net financial assets</b>	 <u>118,387</u>	 <u>90,894</u>
 <b>Non-financial assets</b>		
Tangible capital assets (Note 3)	7,269	16,837
Prepaid expenses	<u>779</u>	<u>452</u>
	<u>8,048</u>	<u>17,289</u>
 <b>Accumulated surplus</b>	 <u>\$ 126,435</u>	 <u>\$ 108,183</u>

Commitments (Note 6)

On behalf of the Board

\_\_\_\_\_ Director \_\_\_\_\_ Director

See accompanying notes to the financial statements



## Dundas Business Improvement Area

### Statement of Operations

Year Ended December 31	2011 Budget	2011 Actual	2010 Actual
	(Unaudited)		
<b>Revenue</b>			
Assessment levy	\$ 100,000	\$ 100,000	\$ 100,000
City of Hamilton grants	-	11,793	17,386
Donations	4,000	-	-
Interest	300	845	253
Buskerfest revenue	73,750	68,267	62,988
Buskerfest sponsorship – in kind (Note 4)	55,000	45,860	60,271
Other revenue	3,000	-	5,996
Parking revenue sharing program	-	28,900	-
	<u>236,050</u>	<u>255,665</u>	<u>246,894</u>
<b>Expenses</b>			
Advertising and promotion	64,000	79,000	68,820
Amortization	-	8,716	9,898
Bad debts	2,000	1,700	1,192
Buskerfest expenses	74,000	61,701	60,811
Buskerfest other – in kind (Note 4)	55,000	45,860	60,271
Commercial improvement	-	10,888	11,398
Contract services	26,000	-	4,100
Dues and subscriptions	-	323	2,805
General beautification and improvements	35,000	19,407	10,691
Grants	-	1,000	1,000
Insurance	3,000	3,078	2,978
Office and general	2,000	890	1,648
Member recognition and meetings	3,000	-	-
Professional fees	3,000	2,806	3,195
Research and development	10,000	2,044	1,138
	<u>277,000</u>	<u>237,413</u>	<u>239,945</u>
Annual surplus	\$ <u>(40,950)</u>	18,252	6,949
Accumulated surplus, beginning of year		<u>108,183</u>	<u>101,234</u>
Accumulated surplus, end of year		\$ <u>126,435</u>	\$ <u>108,183</u>

See accompanying notes to the financial statements

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**Dundas Business Improvement Area**  
**Statement of Changes in Net Financial Assets**

Year Ended December 31	2011	2010
Annual surplus	\$ 18,252	\$ 6,949
Acquisition of tangible capital assets	(1,018)	-
Amortization of tangible capital assets	8,716	9,897
Loss on disposal of tangible capital assets	<u>1,870</u>	<u>-</u>
	27,820	16,846
(Increase) decrease in prepaid expenses	(327)	220
Change in net financial assets	<u>27,493</u>	<u>17,066</u>
Net financial assets, beginning of year	<u>90,894</u>	<u>73,828</u>
Net financial assets, end of year	<u>\$ 118,387</u>	<u>\$ 90,894</u>

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See accompanying notes to the financial statements

## Dundas Business Improvement Area Statement of Cash Flows

Year ended December 31	2011	2010
Increase (decrease) in cash and cash equivalents		
<b>Operating</b>		
Annual surplus	\$ 18,252	\$ 6,949
Amortization	8,716	9,897
Loss on disposal of tangible capital assets	<u>1,870</u>	<u>-</u>
	28,838	16,846
Changes in non-cash operating working capital:		
Accounts receivable	(17,957)	(325)
Prepaid expenses	(327)	220
Accounts payable and accruals	<u>34,339</u>	<u>20,518</u>
	<u>44,893</u>	<u>(3,777)</u>
<b>Investing</b>		
Purchase of tangible capital assets	(1,018)	-
Marketable securities	<u>23,401</u>	<u>(173)</u>
	<u>22,383</u>	<u>(173)</u>
<b>Financing</b>		
Repayment of due to City of Hamilton	<u>-</u>	<u>(1,049)</u>
Net increase (decrease) in cash and cash equivalents	67,276	(4,999)
Cash and cash equivalents, beginning of year	<u>(6,266)</u>	<u>(1,267)</u>
Cash and cash equivalents, end of year	\$ <u>61,010</u>	\$ <u>(6,266)</u>

See accompanying notes to the financial statements

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## Dundas Business Improvement Area Notes to the Financial Statements

December 31, 2011

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### 1. Purpose of the organization

The Dundas Business Improvement Area ("the Organization") was established in 1978 by the Council of the former Town of Dundas 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 Organization is also responsible for the promotion of this improvement area for business and shopping. The Organization is financed by a special levy charged upon businesses in the improvement area.

---

### 2. Summary of significant accounting policies

The financial statements of the Organization are prepared by management in accordance with Canadian public sector accounting standards for local governments, as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants. Significant aspects of the accounting policies adopted by the Organization are as follows:

#### Basis of accounting

Revenue and expenses are recorded on the accrual basis. The accrual basis of accounting recognizes revenues as they become available 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.

#### 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.

#### Marketable securities

Marketable securities are comprised of fixed income securities primarily federal, provincial and municipal government bonds and federal government treasury bills. Marketable securities are valued at fair value.

#### Tangible capital assets

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

Decorations	5 years
Furniture and equipment	10 years
Computer software	3 years

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## Dundas Business Improvement Area Notes to the Financial Statements

December 31, 2011

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### 2. Summary of significant accounting policies (continued)

#### Use of estimates

The preparation of financial statements in conformity with Canadian public sector accounting standards 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 reporting period. Actual results may vary from the current estimates. These estimates are reviewed periodically and, as adjustments become necessary, they are reported in earnings in the periods in which they become known.

#### Comparative figures

Certain of the comparative figures have been reclassified to conform with the presentation adopted in the current year.

---

### 3. Tangible capital assets

	Computer Software	Office Furniture	Decorations	2011	2010
<b>Cost</b>					
Balance, beginning of year	\$ 426	\$ 13,140	\$ 42,564	\$ 56,130	\$ 56,130
Additions during the year	-	-	1,018	1,018	-
Disposals during the year	-	-	(10,200)	(10,200)	-
Balance, end of year	<u>426</u>	<u>13,140</u>	<u>33,382</u>	<u>46,948</u>	<u>56,130</u>
<b>Accumulated amortization</b>					
Balance, beginning of year	426	5,545	33,322	39,293	29,396
Amortization for the year	-	1,314	7,402	8,716	9,897
Disposals during the year	-	-	(8,330)	(8,330)	-
Balance, end of year	<u>426</u>	<u>6,859</u>	<u>32,394</u>	<u>39,680</u>	<u>39,293</u>
Net book value	\$ <u>-</u>	\$ <u>6,281</u>	\$ <u>988</u>	\$ <u>7,269</u>	\$ <u>16,837</u>

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### 4. Sponsorship

Donated service, which would otherwise be paid for by the Organization is recorded at fair value when provided. The value of the donation in-kind, as determined by the donors, amounted to \$45,860 (2010 - \$60,271) and has been included in sponsorship in-kind and Buskerfest other in-kind expenses for the year.

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## Dundas Business Improvement Area Notes to the Financial Statements

December 31, 2011

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### 5. Related party transactions

During the year, the Organization recorded the following transactions with the City of Hamilton:

Revenues	<u>2011</u>	<u>2010</u>
Member levy collected on behalf of the Dundas Business Improvement Area	<u>\$ 100,000</u>	<u>\$ 100,000</u>

The City of Hamilton has also contributed \$10,888 (2010 - \$11,398) to fund commercial improvement programs undertaken by the Organization, \$28,900 (2010 - \$Nil) from parking sharing revenue program, and \$Nil (2010 - \$5,988) in other grants.

---

### 6. Commitments

The Organization has entered into contracts for Christmas maintenance. The last annual payment under agreement is scheduled for 2012 in the amount of \$7,797.

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### 7. Financial instruments

The Organization's financial instruments consist of cash (bank indebtedness), marketable securities, accounts receivable and accounts payable and accruals. It is management's opinion that the Organization is not exposed to significant interest rate risk arising from these financial instruments. The fair values of these financial instruments approximate their carrying values.

The Organization's revenues are dependent on commercial property tax levies and bad debts have not been significant. As such, concentrations of credit risk are considered to be minimal.

---

### 8. Accumulated surplus

	<u>2011</u>	<u>2010</u>
Reserves		
Economic development reserve	\$ 24,150	\$ 24,150
Promotional development reserve	4,820	4,820
Christmas decoration and other beautification projects reserve	<u>43,000</u>	<u>43,000</u>
Total reserves	<u>71,970</u>	<u>71,970</u>
Invested in capital assets	7,269	16,837
Surplus - General fund	<u>47,196</u>	<u>19,376</u>
Accumulated surplus	<u>\$ 126,435</u>	<u>\$ 108,183</u>



Financial Statements

International Village Business Improvement Area

December 31, 2011

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## Independent Auditor's Report

To 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

Grant Thornton LLP  
33 Main Street East  
Hamilton, ON  
L8N 4K5  
T (905) 523-7732  
F (905) 572-9333  
[www.GrantThornton.ca](http://www.GrantThornton.ca)

We have audited the accompanying financial statements of International Village Business Improvement Area ("the Organization"), which comprise the statement of financial position as at December 31, 2011, and the statement of operations, changes in net financial assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

### **Management's responsibility for the financial statements**

Management is responsible for the preparation and fair presentation of these 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.

### **Auditor's responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Organization's preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

**Opinion**

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Organization as at December 31, 2011, and the results of its operations for the year then ended in accordance with Canadian public sector accounting standards.

**Other matter**

Budget figures are provided for comparative purposes and have not been subject to audit procedures. Accordingly, we do not express any opinion regarding the budget figures.

Hamilton, Canada  
September 12, 2012



Chartered Accountants  
Licensed Public Accountants



<b>International Village Business Improvement Area</b>			
<b>Statement of Operations</b>			
Year Ended December 31	2011 Budget	2011 Actual	2010 Actual
	(Unaudited)		
<b>Revenue</b>			
Assessment levy	\$ 140,000	\$ 140,000	\$ 140,829
City of Hamilton grant	-	27,280	8,186
Other	-	7,243	9,499
	<u>140,000</u>	<u>174,523</u>	<u>158,514</u>
<b>Expenses</b>			
Advertising and promotion	40,000	41,634	35,931
Amortization	-	2,747	1,309
Audit fees	600	678	600
Bad debts (recovery)	-	(112)	157
Commercial improvement	-	8,199	4,250
Insurance	3,000	1,592	2,675
Interest and bank charges	800	301	419
Miscellaneous	-	-	380
Office	16,000	15,069	7,551
Parking program expenditures	-	11,643	-
Rent	11,200	10,983	10,902
Repairs and maintenance	4,500	4,022	3,909
Web fees, internet	1,500	1,478	-
Utilities	8,000	3,150	3,720
Beautification & maintenance	4,400	4,400	-
Wages	<u>50,000</u>	<u>48,921</u>	<u>55,037</u>
	<u>140,000</u>	<u>154,705</u>	<u>130,308</u>
Annual surplus	\$ <u>-</u>	19,818	28,206
Accumulated surplus, beginning of year		<u>33,198</u>	<u>4,992</u>
Accumulated surplus, end of year		\$ <u>53,016</u>	\$ <u>33,198</u>

See accompanying notes to the financial statements

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**International Village Business Improvement Area**  
**Statement of Changes in Net Financial Assets**

December 31	2011	2010
Annual surplus	\$ 19,818	\$ 28,206
Acquisition of tangible capital assets	-	(7,489)
Amortization of tangible capital assets	<u>2,747</u>	<u>1,309</u>
Change in net financial assets	22,565	22,026
Net financial assets (debt), beginning of year	<u>19,640</u>	<u>(2,386)</u>
Net financial assets, end of year	<u>\$ 42,205</u>	<u>\$ 19,640</u>

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See accompanying notes to the financial statements

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**International Village Business Improvement Area**  
**Statement of Cash Flows**

Year ended December 31	2011	2010
Increase (decrease) in cash		
<b>Operating</b>		
Annual surplus	\$ 19,818	\$ 28,206
Amortization	<u>2,747</u>	<u>1,309</u>
	<b>22,565</b>	<b>29,515</b>
Changes in non-cash operating working capital:		
Note receivable	-	10,000
Accounts payable and accruals	(175)	1,201
Deferred revenue	<u>(70,000)</u>	<u>-</u>
	<b>(47,610)</b>	<b>40,716</b>
<b>Investing</b>		
Purchase of tangible capital assets	<u>-</u>	<u>(7,489)</u>
<b>Financing</b>		
(Repayment of) advances from City of Hamilton	<u>(7,550)</u>	<u>829</u>
Net (decrease) increase in cash	<b>(55,160)</b>	<b>34,056</b>
Cash, beginning of year	<u>92,154</u>	<u>58,098</u>
Cash, end of year	<b><u>\$ 36,994</u></b>	<b><u>\$ 92,154</u></b>

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See accompanying notes to the financial statements

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## **International Village Business Improvement Area Notes to the Financial Statements**

December 31, 2011

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### **1. Purpose of the organization**

The International Village Business Improvement Area ("the Organization") was established 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 Organization is also responsible for the promotion of this improvement area for business and shopping.

The Organization is financed by a special levy charged upon businesses in the improvement area.

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### **2. Summary of significant accounting policies**

The financial statements of the Organization are prepared by management in accordance with Canadian public sector accounting standards for local governments, as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants. Significant aspects of the accounting policies adopted by the Organization are as follows:

#### **Basis of accounting**

Revenue and expenses are recorded on the accrual basis. The accrual basis of accounting recognizes revenues as they become available 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.

#### **Tangible capital assets**

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

Computer hardware	5 years
Decorations	5 years
Furniture and equipment	10 years

## International Village Business Improvement Area Notes to the Financial Statements

December 31, 2011

### 2. Summary of significant accounting policies (continued)

#### Use of estimates

The preparation of financial statements in conformity with Canadian public sector accounting standards 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 reporting period. Actual results may vary from the current estimates. These estimates are reviewed periodically and, as adjustments become necessary, they are reported in earnings in the periods in which they become known.

### 3. Tangible capital assets

Details of the capital assets are:

	Computer Hardware	Decorations	Furniture, Equipment, Fixtures	2011	2010
<b>Cost</b>					
Balance, beginning of year	\$ 2,652	\$ 7,489	\$ 7,187	\$ 17,328	\$ 9,839
Additions during the year	-	-	-	-	7,489
Balance, end of year	<u>2,652</u>	<u>7,489</u>	<u>7,187</u>	<u>17,328</u>	<u>17,328</u>
<b>Accumulated amortization</b>					
Balance, beginning of year	1,742	60	1,968	3,770	2,461
Amortization for the year	<u>530</u>	<u>1,498</u>	<u>719</u>	<u>2,747</u>	<u>1,309</u>
Balance, end of year	<u>2,272</u>	<u>1,558</u>	<u>2,687</u>	<u>6,517</u>	<u>3,770</u>
Net book value	\$ <u>380</u>	\$ <u>5,931</u>	\$ <u>4,500</u>	\$ <u>10,811</u>	\$ <u>13,558</u>

### 4. Related party transactions

During the year, the Organization recorded the following transactions with the City of Hamilton:

Revenues	2011	2010
Member levy collected on behalf of the International Village Business Improvement Area	\$ <u>140,000</u>	\$ <u>140,829</u>

The City of Hamilton has also contributed \$8,199 (2010 - \$8,159) to commercial improvement programs undertaken by the Organization, \$18,176 for Parking Revenue Sharing Program (2010 - \$Nil) and \$905 for Christmas Grant (2010 - \$Nil).



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## International Village Business Improvement Area Notes to the Financial Statements

December 31, 2011

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### 5. Financial instruments

The Organization's financial instruments consist of cash, accounts payable and accruals. It is management's opinion that the Organization is not exposed to significant interest rate risk arising from these financial instruments. The fair values of these financial instruments approximate their carrying values.

The Organization's revenues are dependent on commercial property tax levies and bad debts have not been significant. As such, concentrations of credit risk are considered to be minimal.

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### 6. Accumulated surplus

	<u>2011</u>	<u>2010</u>
Invested in capital assets	\$ 10,811	\$ 13,558
Surplus	<u>42,205</u>	<u>19,640</u>
Accumulated surplus	<u>\$ 53,016</u>	<u>\$ 33,198</u>

Financial Statements

Locke Street Business Improvement Area

December 31, 2011

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## Independent auditor's report

Grant Thornton LLP  
33 Main Street East  
Hamilton, ON  
L8N 4K5  
T (905) 523-7732  
F (905) 572-9333  
[www.GrantThornton.ca](http://www.GrantThornton.ca)

To 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

We have audited the accompanying financial statements of Locke Street Business Improvement Area ("the Organization"), which comprise the statement of financial position as at December 31, 2011, and the statements of operations, changes in net financial assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

### **Management's responsibility for the financial statements**

Management is responsible for the preparation and fair presentation of these 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.

### **Auditor's responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Organization's preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

**Opinion**

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Organization as at December 31, 2011, and the results of its operations for the year then ended in accordance with Canadian public sector accounting standards.

**Emphasis of matter**

Without modifying our report we draw attention to the budget figures which are provided for comparative purposes only. They have not been subject to audit procedures. Accordingly, we do not express an opinion on the budget figures.



Hamilton, Canada  
June 5, 2012

Chartered Accountants  
Licensed Public Accountants

**Locke Street Business Improvement Area  
Statement of Financial Position**

December 31	2011	2010
<b>Financial assets</b>		
Cash	\$ 11,513	\$ 3,762
Accounts receivable	<u>1,644</u>	<u>232</u>
	<u>13,157</u>	<u>3,994</u>
<b>Liabilities</b>		
Accounts payable and accruals	1,759	219
Due to City of Hamilton	924	260
Deferred revenue	<u>2,562</u>	<u>-</u>
	<u>5,245</u>	<u>479</u>
<b>Net financial assets</b>	<u>7,912</u>	<u>3,515</u>
<b>Non-financial assets</b>		
Prepaid expenses	<u>790</u>	<u>2,140</u>
<b>Accumulated surplus (Note 5)</b>	<u>\$ 8,702</u>	<u>\$ 5,655</u>

On behalf of the Board

\_\_\_\_\_ Director \_\_\_\_\_ Director

See accompanying notes to the financial statements.

**Locke Street Business Improvement Area**

**Statement of Operations**

Year Ended December 31	2011 Budget (Unaudited)	2011 Actual	2010 Actual
<b>Revenue</b>			
Assessment levy	\$ 10,250	\$ 10,250	\$ 10,250
City of Hamilton grants	-	14,778	7,157
	<u>10,250</u>	<u>25,028</u>	<u>17,407</u>
<b>Expenses</b>			
Advertising and promotion	6,000	6,449	6,419
Commercial improvement	-	12,426	7,157
Donations	-	50	100
Insurance	2,000	1,890	1,890
Miscellaneous	1,000	-	-
Office supplies	250	84	77
Professional fees	500	289	289
Special events	500	450	450
Website development	-	343	609
	<u>10,250</u>	<u>21,981</u>	<u>16,991</u>
Annual surplus	\$ -	3,047	416
Accumulated surplus, beginning of year		<u>5,655</u>	<u>5,239</u>
Accumulated surplus, end of year		\$ <u>8,702</u>	\$ <u>5,655</u>

See accompanying notes to the financial statements.

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**Locke Street Business Improvement Area**  
**Statement of Changes in Net Financial Assets**

Year Ended December 31	2011	2010
Annual surplus	\$ 3,047	\$ 416
Decrease (increase) in prepaid expenses	<u>1,350</u>	<u>(1,195)</u>
Change in net financial assets	4,397	(779)
Net financial assets, beginning of year	<u>3,515</u>	<u>4,294</u>
Net financial assets, end of year	<u>\$ 7,912</u>	<u>\$ 3,515</u>

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See accompanying notes to the financial statements.



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**Locke Street Business Improvement Area**  
**Statement of Cash Flows**

Year ended December 31	2011	2010
Increase (decrease) in cash		
<b>Operating</b>		
Annual surplus	\$ 3,047	\$ 416
Changes in non-cash operating working capital:		
Accounts receivable	(1,412)	(232)
Prepaid expenses	1,350	(1,195)
Accounts payable and accruals	1,540	(868)
Deferred Revenue	<u>2,562</u>	<u>-</u>
	<u>7,087</u>	<u>(1,879)</u>
<b>Financing</b>		
Advances from (repayment of) the City of Hamilton	<u>664</u>	<u>(84)</u>
Net increase (decrease) in cash	7,751	(1,963)
Cash, beginning of year	<u>3,762</u>	<u>5,725</u>
Cash, end of year	<u>\$ 11,513</u>	<u>\$ 3,762</u>

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See accompanying notes to the financial statements.

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## **Locke Street Business Improvement Area**

### **Notes to the Financial Statements**

December 31, 2011

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#### **1. Purpose of the organization**

Locke Street Business Improvement Area ("the Organization") was established in 2007 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 Organization is also responsible for the promotion of this improvement area for business and shopping.

The Organization is financed by a special levy charged upon businesses in the improvement area.

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#### **2. Summary of significant accounting policies**

The financial statements of the Organization are prepared by management in accordance with Canadian public sector accounting standards for local governments, as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants. Significant aspects of the accounting policies adopted by the Organization are as follows:

##### **Basis of accounting**

Revenue and expenses are recorded on the accrual basis. The accrual basis of accounting recognizes revenues as they become available 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.

##### **Use of estimates**

The preparation of financial statements in conformity with Canadian public sector accounting standards 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 reporting period. Actual results may vary from the current estimates. These estimates are reviewed periodically and, as adjustments become necessary, they are reported in earnings in the periods in which they become known.

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## Locke Street Business Improvement Area

### Notes to the Financial Statements

December 31, 2011

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#### 3. Related party transactions

During the year, the Organization recorded the following transactions with the City of Hamilton:

Revenues	<u>2011</u>	<u>2010</u>
Member levy collected on behalf of the Locke Street Business Improvement Area	<u>\$ 10,250</u>	<u>\$ 10,250</u>

The City of Hamilton has also contributed \$6,630 (2010 - \$8,775) to commercial improvement programs undertaken by the Organization and \$8,148 (2101 - \$Nil) to a parking revenue sharing program.

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#### 4. Financial instruments

The Organization's financial instruments consist of cash, accounts receivable, accounts payable and accruals and due to City of Hamilton. It is management's opinion that the Organization is not exposed to significant interest rate risk arising from these financial instruments. The fair values of these financial instruments approximate their carrying values.

The Organization's revenues are dependent on commercial property tax levies and bad debts have not been significant. As such, concentrations of credit risk are considered to be minimal.

Financial Statements

Ottawa Street Business Improvement Area

December 31, 2011

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## Independent auditor's report

Grant Thornton LLP  
33 Main Street East  
Hamilton, ON  
L8N 4K5

T (905) 523-7732  
F (905) 572-9333  
[www.GrantThornton.ca](http://www.GrantThornton.ca)

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

We have audited the accompanying financial statements of Ottawa Street Business Improvement Area ("the Organization"), which comprise the statement of financial position as at December 31, 2011, and the statement of operations, changes in net financial assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

### **Management's responsibility for the financial statements**

Management is responsible for the preparation and fair presentation of these 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.

### **Auditor's responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Organization's preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

**Opinion**

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Organization as at December 31, 2011, and the results of its operations for the year then ended in accordance with Canadian public sector accounting standards.

**Emphasis of matter**

Without modifying our report we draw attention to the budget figures which are provided for comparative purposes only. They have not been subject to audit procedures. Accordingly, we do not express an opinion on the budget figures.

Hamilton, Canada  
June 14, 2012



Chartered Accountants  
Licensed Public Accountants

**Ottawa Street Business Improvement Area  
Statement of Financial Position**

December 31	2011	2010
<b>Financial assets</b>		
Cash and cash equivalents	\$ 48,504	\$ 69,679
Accounts receivable	20,395	10,181
Due from City of Hamilton	<u>912</u>	<u>-</u>
	<u>69,811</u>	<u>79,860</u>
<b>Liabilities</b>		
Accounts payable and accruals	356	4,728
Deferred revenue	66,125	67,029
Due to City of Hamilton	<u>-</u>	<u>2,389</u>
	<u>66,481</u>	<u>74,146</u>
<b>Net financial assets</b>	<u>3,330</u>	<u>5,714</u>
<b>Non-financial assets</b>		
Tangible capital assets (Note 3)	5,537	5,796
Prepaid expenses	<u>1,949</u>	<u>2,045</u>
	<u>7,486</u>	<u>7,841</u>
<b>Accumulated surplus (Note 7)</b>	<u>\$ 10,816</u>	<u>\$ 13,555</u>

Commitments (Note 6)

On behalf of the Board

\_\_\_\_\_ Director \_\_\_\_\_ Director

See accompanying notes to the financial statements



**Ottawa Street Business Improvement Area**

**Statement of Operations**

Year Ended December 31	2011 Budget (Unaudited)	2011 Actual	2010 Actual
<b>Revenue</b>			
Assessment levy	\$ 132,250	\$ 132,250	\$ 126,322
City of Hamilton grants	-	36,807	13,610
Farmer's market	-	25,422	-
Other income	6,000	4,867	1,444
	<u>138,250</u>	<u>199,346</u>	<u>141,376</u>
<b>Expenses</b>			
Advertising and promotion	40,000	47,828	48,642
Amortization	-	1,625	1,486
Audit fees	-	467	420
Bad debts	-	-	1,740
Beautification	8,000	8,982	559
Commercial improvement	-	36,807	13,610
Consulting fees	53,000	68,626	49,583
Insurance	3,500	2,695	1,037
Office	7,750	10,231	11,647
Project costs	13,000	21,055	12,440
Rent	13,000	3,769	3,684
	<u>138,250</u>	<u>202,085</u>	<u>144,848</u>
Annual deficit	\$ -	(2,739)	(3,472)
Accumulated surplus, beginning of year		<u>13,555</u>	<u>17,027</u>
Accumulated surplus, end of year (Note 7)		<u>\$ 10,816</u>	<u>\$ 13,555</u>

See accompanying notes to the financial statements

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**Ottawa Street Business Improvement Area**  
**Statement of Changes in Net Financial Assets**

Year Ended December 31	2011	2010
Annual deficit	\$ (2,739)	\$ (3,472)
Acquisition of tangible capital assets	(1,366)	-
Amortization of tangible capital assets	<u>1,625</u>	<u>1,486</u>
	(2,480)	(1,986)
Decrease in prepaid expenses	<u>96</u>	<u>4,253</u>
Change in net financial assets	(2,384)	2,267
Net financial assets, beginning of year	<u>5,714</u>	<u>3,447</u>
Net financial assets, end of year	<u>\$ 3,330</u>	<u>\$ 5,714</u>

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See accompanying notes to the financial statements

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**Ottawa Street Business Improvement Area**  
**Statement of Cash Flows**

Year ended December 31 2011 2010

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Increase (decrease) in cash and cash equivalents

<b>Operating</b>		
Annual deficit	\$ (2,739)	\$ (3,472)
Amortization	<u>1,625</u>	<u>1,486</u>
	(1,114)	(1,986)
Changes in non-cash operating working capital:		
Accounts receivable	(10,214)	(3,303)
Prepaid expenses	96	4,253
Accounts payable and accruals	3,301	1,159
Deferred revenue	<u>904</u>	<u>3,868</u>
	<u>(15,437)</u>	<u>3,991</u>
<b>Investing</b>		
Purchase of tangible capital assets	<u>(1,366)</u>	-
<b>Financing</b>		
Repayment of advances from City of Hamilton	<u>(4,372)</u>	<u>(9,425)</u>
Net decrease cash and cash equivalents	(21,175)	(5,434)
Cash and cash equivalents, beginning of year	<u>69,679</u>	<u>75,113</u>
Cash and cash equivalents, end of year	<u>\$ 48,504</u>	<u>\$ 69,679</u>

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See accompanying notes to the financial statements

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## Ottawa Street Business Improvement Area

### Notes to the Financial Statements

December 31, 2011

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#### 1. Purpose of the organization

Ottawa Street Business Improvement Area ("the Organization") 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 Municipality. The Organization is also responsible for the promotion of this improvement area for business and shopping. The Organization is financed by a special levy charged upon businesses in the improvement area.

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#### 2. Summary of significant accounting policies

The financial statements of the Organization are prepared by management in accordance with Canadian public sector accounting standards for local governments, as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants. Significant aspects of the accounting policies adopted by the Organization are as follows:

##### **Basis of accounting**

Revenue and expenses are recorded on the accrual basis. The accrual basis of accounting recognizes revenues as they become available 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.

##### **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.

##### **Tangible capital assets**

Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to acquisition, development or betterment of the asset. The cost, less residual value, of the tangible capital assets is amortized on a straight-line basis over their estimated useful lives. The only tangible capital assets are computers and decorations, which are amortized over 5 years and leasehold improvements which are amortized over 10 years.

##### **Use of estimates**

The preparation of financial statements in conformity with Canadian public sector accounting standards 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 reporting period. Actual results may vary from the current estimates. These estimates are reviewed periodically and, as adjustments become necessary, they are reported in earnings in the periods in which they become known.

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## Ottawa Street Business Improvement Area

### Notes to the Financial Statements

December 31, 2011

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#### 3. Tangible capital assets

Details of the capital assets are:

	<u>Leaseholds</u>	<u>Computers</u>	<u>Decorations</u>	<u>2011</u>	<u>2010</u>
<b>Cost</b>					
Balance, beginning of year	\$ -	\$ 303	\$ 7,128	\$ 7,431	\$ 7,431
Additions during the year	<u>1,366</u>	<u>-</u>	<u>-</u>	<u>1,366</u>	<u>-</u>
Balance, end of year	<u>1,366</u>	<u>303</u>	<u>7,128</u>	<u>8,797</u>	<u>7,431</u>
<b>Accumulated amortization</b>					
Balance, beginning of year	-	91	1,544	1,635	149
Amortization for the year	<u>139</u>	<u>61</u>	<u>1,425</u>	<u>1,625</u>	<u>1,486</u>
Balance, end of year	<u>139</u>	<u>152</u>	<u>2,979</u>	<u>3,260</u>	<u>1,635</u>
Net book value	\$ <u>1,227</u>	\$ <u>151</u>	\$ <u>4,149</u>	\$ <u>5,537</u>	\$ <u>5,796</u>

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#### 4. Related party transactions

During the year, the Organization recorded the following transactions with the City of Hamilton:

Revenues	<u>2011</u>	<u>2010</u>
Member levy collected on behalf of the Ottawa Street Business Improvement Area	\$ <u>132,250</u>	\$ <u>126,322</u>

The City of Hamilton has also contributed \$14,345 (2010 - \$13,610) to commercial improvement programs undertaken by the Organization, \$22,462 (2010 - \$Nil) from parking sharing revenue program and \$10,000 (2010 - \$Nil) in other grants.

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#### 5. Financial instruments

The Organization's financial instruments consist of cash, accounts receivable, accounts payable, accruals, and deferred revenue. It is management's opinion that the Organization is not exposed to significant interest rate risk arising from these financial instruments. The fair values of these financial instruments approximate their carrying values.

The Organization's revenues are dependent on commercial property tax levies and bad debts have not been significant. As such, concentrations of credit risk are considered to be minimal.

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## Ottawa Street Business Improvement Area Notes to the Financial Statements

December 31, 2011

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### 6. Commitments

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

2012	19,538
2013	6,513

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### 7. Accumulated surplus

	<u>2011</u>	<u>2010</u>
Invested in capital assets	\$ 5,537	\$ 5,796
Surplus	<u>5,279</u>	<u>7,759</u>
Accumulated surplus	<u>\$ 10,816</u>	<u>\$ 13,555</u>



Financial Statements

Stoney Creek Business Improvement Area

December 31, 2011

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## Independent auditor's report

Grant Thornton LLP  
33 Main Street East  
Hamilton, ON  
L8N 4K5  
T (905) 523-7732  
F (905) 572-9333  
[www.GrantThornton.ca](http://www.GrantThornton.ca)

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

We have audited the accompanying financial statements of Stoney Creek Business Improvement Area ("the Organization"), which comprise the statement of financial position as at December 31, 2011, and the statement of operations, changes in net financial assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

### **Management's responsibility for the financial statements**

Management is responsible for the preparation and fair presentation of these 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.

### **Auditor's responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Organization's preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

**Opinion**

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Organization as at December 31, 2011, and the results of its operations for the year then ended in accordance with Canadian public sector accounting standards.

**Emphasis of matter**

Without modifying our report we draw attention to the budget figures which are provided for comparative purposes only. They have not been subject to audit procedures. Accordingly, we do not express an opinion on the budget figures.

Hamilton, Canada  
May 23, 2012



Chartered Accountants  
Licensed Public Accountants

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**Stoney Creek Business Improvement Area  
Statement of Financial Position**

December 31	2011	2010
<b>Financial assets</b>		
Cash	\$ 11,456	\$ 7,600
Due from the City of Hamilton	<u>1,840</u>	<u>-</u>
	<u>13,296</u>	<u>7,600</u>
<b>Liabilities</b>		
Accounts payable and accruals	25	25
Due to City of Hamilton	<u>-</u>	<u>1,175</u>
	<u>25</u>	<u>1,200</u>
<b>Net financial assets</b>	<u>13,271</u>	<u>6,400</u>
<b>Non-financial assets</b>		
Tangible capital assets (Note 3)	7,681	10,547
Prepaid expenses	<u>592</u>	<u>564</u>
	<u>8,273</u>	<u>11,111</u>
<b>Accumulated surplus (Note 6)</b>	<u>\$ 21,544</u>	<u>\$ 17,511</u>

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On behalf of the Board

\_\_\_\_\_ Director \_\_\_\_\_ Director

See accompanying notes to the financial statements

**Stoney Creek Business Improvement Area**  
**Statement of Operations**

Year Ended December 31	2011 Budget	2011 Actual	2010 Actual
	(Unaudited)		
<b>Revenue</b>			
Assessment levy	\$ 14,958	\$ 14,958	\$ 14,591
City of Hamilton grants	-	7,478	3,219
Interest revenue	-	-	28
	<u>-</u>	<u>22,436</u>	<u>17,838</u>
<b>Expenses</b>			
Administration	2,000	1,950	1,850
Advertising and promotion	500	1,340	856
Amortization	-	2,866	1,387
Audit fees	-	1,075	425
Bad debt	-	98	-
Bank charges and interest	-	30	2
Beautification	16,000	2,412	2,442
Commercial improvement	-	2,314	2,249
Christmas decorations and Santa Claus parade	-	3,187	3,890
Insurance	1,600	1,411	1,344
Miscellaneous	3,000	-	1,945
Office supplies	-	720	1,292
Special events	<u>1,200</u>	<u>1,000</u>	<u>1,000</u>
	<u>24,300</u>	<u>18,403</u>	<u>18,682</u>
Annual surplus (deficit)	\$ <u>(9,342)</u>	4,033	(844)
Accumulated surplus, beginning of year		<u>17,511</u>	<u>18,355</u>
Accumulated surplus, end of year (Note 6)		\$ <u>21,544</u>	\$ <u>17,511</u>

See accompanying notes to the financial statements

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**Stoney Creek Business Improvement Area**  
**Statement of Changes in Net Financial Assets**

Year Ended December 31	2011	2010
Annual surplus (deficit)	\$ 4,033	\$ (844)
Acquisition of tangible capital assets	-	(10,339)
Amortization of tangible capital assets	2,866	1,387
Loss on disposal of tangible capital assets	-	1,945
Proceeds from disposition of tangible capital assets	-	1,519
Increase in prepaid expenses	<u>(28)</u>	<u>(26)</u>
Change in net financial assets	6,871	(6,358)
Net financial assets, beginning of year	<u>6,400</u>	<u>12,758</u>
Net financial assets, end of year	<u>\$ 13,271</u>	<u>\$ 6,400</u>

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See accompanying notes to the financial statements

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**Stoney Creek Business Improvement Area**  
**Statement of Cash Flows**

Year ended December 31	2011	2010
Increase (decrease) in cash		
<b>Operating</b>		
Annual surplus (deficit)	\$ 4,033	\$ (844)
Amortization	2,866	1,387
Loss on disposal of tangible capital assets	<u>-</u>	<u>1,945</u>
	6,899	2,488
Changes in non-cash operating working capital:		
Accounts receivable	-	2,370
Prepaid expenses	(28)	(26)
Accounts payable and accruals	<u>(1,175)</u>	<u>425</u>
	5,696	5,257
<b>Investing</b>		
Purchase of tangible capital assets	-	(10,339)
Proceeds from sale of tangible capital assets	<u>-</u>	<u>1,519</u>
	<u>-</u>	<u>(8,820)</u>
<b>Financing</b>		
Repayment of due to City of Hamilton	<u>(1,840)</u>	<u>-</u>
Net increase (decrease) in cash	3,856	(3,563)
Cash, beginning of year	<u>7,600</u>	<u>11,163</u>
Cash, end of year	<u>\$ 11,456</u>	<u>\$ 7,600</u>

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See accompanying notes to the financial statements

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## Stoney Creek Business Improvement Area Notes to the Financial Statements

December 31, 2011

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### 1. Purpose of the organization

Stoney Creek Business Improvement Area ("the Organization") 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 Municipality. Stoney Creek Organization is also responsible for the promotion of this improvement area for business and shopping. Stoney Creek Organization is financed by a special levy charged upon businesses in the improvement area.

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### 2. Summary of significant accounting policies

The financial statements of the Organization are prepared by management in accordance with Canadian public sector accounting standards for local governments, as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants. Significant aspects of the accounting policies adopted by the Organization are as follows:

#### **Basis of accounting**

Revenue and expenses are recorded on the accrual basis. The accrual basis of accounting recognizes revenues as they become available 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.

#### **Tangible capital assets**

Tangible capital assets are recorded at cost which includes all 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:

Decorations/ banners	5 years
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#### **Use of estimates**

The preparation of financial statements in conformity with Canadian public sector accounting standards 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 reporting period. Actual results may vary from the current estimates. These estimates are reviewed periodically and, as adjustments become necessary, they are reported in operations in the periods in which they become known.

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**Stoney Creek Business Improvement Area**  
**Notes to the Financial Statements**

December 31, 2011

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**3. Tangible capital assets**

Details of the decorations assets are:

	<u>2011</u>	<u>2010</u>
<b>Cost</b>		
Balance, beginning of year	\$ 14,329	\$ 10,384
Additions during the year	-	10,339
Disposals during the year	<u>-</u>	<u>(6,394)</u>
Balance, end of year	<u>14,329</u>	<u>14,329</u>
<b>Accumulated amortization</b>		
Balance, beginning of year	3,782	5,324
Amortization for the year	2,866	1,387
Amortization on disposed assets	<u>-</u>	<u>(2,929)</u>
Balance, end of year	<u>6,648</u>	<u>3,782</u>
Net book value	<u>\$ 7,681</u>	<u>\$ 10,547</u>

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**4. Related party transactions**

During the year, the Organization recorded the following transactions with the City of Hamilton:

	<u>2011</u>	<u>2010</u>
Revenues		
Member levy collected on behalf of the Stoney Creek Business Improvement Area	<u>\$ 14,958</u>	<u>\$ 14,591</u>

The City of Hamilton has also contributed \$2,314 (2010 - \$2,249) to commercial improvement programs undertaken by the Organization, \$3,522 (2010 - \$Nil) from parking sharing revenue program and \$971 (2010 - \$971) in other grants.

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**5. Financial instruments**

The Organization's financial instruments consist of cash and accounts payable and accruals. It is management's opinion that the Organization is not exposed to significant interest rate risk arising from these financial instruments. The fair values of these financial instruments approximate their carrying values.

The Organization's revenues are dependent on commercial property tax levies and bad debts have not been significant. As such, concentrations of credit risk are considered to be minimal.



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**Stoney Creek Business Improvement Area**  
**Notes to the Financial Statements**

December 31, 2011

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**6. Accumulated surplus**

	<u>2011</u>	<u>2010</u>
Invested in capital assets	\$ 7,681	\$ 10,547
Surplus	<u>13,863</u>	<u>6,964</u>
Accumulated surplus	<u>\$ 21,544</u>	<u>\$ 17,511</u>



Financial Statements

Waterdown Business Improvement Area

December 31, 2011

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## Independent auditor's report

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

Grant Thornton LLP  
33 Main Street East  
Hamilton, ON  
L8N 4K5  
T (905) 523-7732  
F (905) 572-9333  
[www.GrantThornton.ca](http://www.GrantThornton.ca)

We have audited the accompanying financial statements of Waterdown Business Improvement Area (the "Organization"), which comprise the statement of financial position as at December 31, 2011, and the statements of operations, changes in net financial assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

### **Management's responsibility for the financial statements**

Management is responsible for the preparation and fair presentation of these 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.

### **Auditor's responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Organization's preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

**Opinion**

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Organization as at December 31, 2011, and the results of its operations for the year then ended in accordance with Canadian public sector accounting standards.

**Emphasis of matter**

Without modifying our report we draw attention to the budget figures which are provided for comparative purposes only. They have not been subject to audit procedures. Accordingly, we do not express an opinion on the budget figures.

Hamilton, Canada  
June 19, 2012



Chartered Accountants  
Licensed Public Accountants

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**Waterdown Business Improvement Area  
Statement of Financial Position**

December 31	2011	2010
<b>Financial assets</b>		
Cash	\$ 32,601	\$ 17,793
Accounts receivable	17,172	12,440
Due from City of Hamilton	<u>3,516</u>	<u>1,729</u>
	<u>53,289</u>	<u>31,962</u>
<b>Liabilities</b>		
Accounts payable and accruals	<u>490</u>	<u>8,126</u>
<b>Net financial assets</b>	<u>52,799</u>	<u>23,836</u>
<b>Non-financial assets</b>		
Tangible capital assets (Note 3)	21,955	9,633
Prepaid expenses	<u>1,949</u>	<u>7,974</u>
	<u>23,904</u>	<u>17,607</u>
<b>Accumulated surplus (Note 6)</b>	<u>\$ 76,703</u>	<u>\$ 41,443</u>

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On behalf of the Board

\_\_\_\_\_ Director \_\_\_\_\_ Director

See accompanying notes to the financial statements.

## Waterdown Business Improvement Area Statement of Operations

Year ended December 31	2011 Budget	2011 Actual	2010 Actual
	(Unaudited)		
<b>Revenue</b>			
Assessment levy	\$ 102,000	\$ 102,000	\$ 90,000
City of Hamilton grants	-	2,747	2,434
Other income	-	1,165	3,409
Parking revenue sharing program	-	3,549	-
	<u>102,000</u>	<u>109,461</u>	<u>95,843</u>
<b>Expenses</b>			
Advertising and promotion	15,200	9,244	9,833
Amortization	-	1,728	598
Bad debts	-	34	1,682
Christmas Tree of Hope	4,000	4,014	10,662
Commercial improvement	-	2,747	2,434
Festival and parades	14,500	4,453	5,618
Insurance	2,700	2,624	2,535
Management contracts and salaries	17,400	11,270	15,876
Memberships, conferences and seminars	1,615	1,875	1,233
Office and general expense	12,035	8,149	3,462
Professional fees	1,150	1,210	1,090
Storage	-	-	317
Streetscaping and decorations	<u>33,400</u>	<u>26,853</u>	<u>16,547</u>
	<u>102,000</u>	<u>74,201</u>	<u>71,887</u>
Annual surplus	\$ <u>-</u>	<b>35,260</b>	23,956
Accumulated surplus, beginning of year		<u>41,443</u>	<u>17,487</u>
Accumulated surplus, end of year		<b>\$ <u>76,703</u></b>	<b>\$ <u>41,443</u></b>

See accompanying notes to the financial statements

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**Waterdown Business Improvement Area**  
**Statement of Changes in Net Financial Assets**

Year ended December 31	2011	2010
Annual surplus	\$ 35,260	\$ 23,956
Acquisition of tangible capital assets	(14,050)	(7,306)
Amortization of tangible capital assets	<u>1,728</u>	<u>598</u>
	22,938	17,248
Decrease (increase) in prepaid expenses	<u>6,025</u>	<u>(6,063)</u>
Change in net financial assets	28,963	11,185
Net financial assets, beginning of year	<u>23,836</u>	<u>12,651</u>
Net financial assets, end of year	<u>\$ 52,799</u>	<u>\$ 23,836</u>

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See accompanying notes to the financial statements



**Waterdown Business Improvement Area  
Statement of Cash Flows**

Year ended December 31	2011	2010
Increase (decrease) in cash		
<b>Operating</b>		
Annual surplus	\$ 35,260	\$ 23,956
Amortization	<u>1,728</u>	<u>598</u>
	36,988	24,554
Changes in non-cash operating working capital:		
Inventories	-	627
Accounts receivable	(4,732)	(6,500)
Prepaid expenses	6,025	(6,063)
Accounts payable and accruals	<u>(7,636)</u>	<u>6,689</u>
	<u>30,645</u>	<u>19,307</u>
<b>Investing</b>		
Purchase of tangible capital assets	<u>(14,050)</u>	<u>(7,306)</u>
<b>Financing</b>		
Repayment of advances from City of Hamilton	<u>(1,787)</u>	<u>(1,383)</u>
Net increase in cash	14,808	10,618
Cash, beginning of year	<u>17,793</u>	<u>7,175</u>
Cash, end of year	<u>\$ 32,601</u>	<u>\$ 17,793</u>

See accompanying notes to the financial statements

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## Waterdown Business Improvement Area Notes to the Financial Statements

December 31, 2011

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### 1. Purpose of the organization

The Waterdown Business Improvement Area (the "Organization") was established in 1985 by the Council of the former Town of Flamborough 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 Organization is also responsible for the promotion of this improvement area for business and shopping. The Organization is financed by a special levy charged upon businesses in the improvement area.

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### 2. Summary of significant accounting policies

The financial statements of the Organization are prepared by management in accordance with Canadian public sector accounting standards for local governments, as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants. Significant aspects of the accounting policies adopted by the Organization are as follows:

#### Basis of accounting

Revenue and expenses are recorded on the accrual basis. The accrual basis of accounting recognizes revenues as they become available and measurable; expenses are recognized as they are incurred and measurable as a result of the receipt of goods or services and the creation of a legal obligation to pay.

#### Tangible capital assets

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

Furniture and equipment	10 years
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#### Use of estimates

The preparation of financial statements in conformity with Canadian public sector accounting standards 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 reporting period. Actual results may vary from the current estimates. These estimates are reviewed periodically and, as adjustments become necessary, they are reported in earnings in the periods in which they become known.

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**Waterdown Business Improvement Area**  
**Notes to the Financial Statements**

December 31, 2011

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**3. Tangible capital assets**

**Furniture and Equipment**

	<u>2011</u>	<u>2010</u>
<b>Cost</b>		
Balance, beginning of year	\$ 10,256	\$ 2,950
Additions during the year	<u>14,050</u>	<u>7,306</u>
Balance, end of year	<u>24,306</u>	<u>10,256</u>
<b>Accumulated amortization</b>		
Balance, beginning of year	623	25
Amortization for the year	<u>1,728</u>	<u>598</u>
Balance, end of year	<u>2,351</u>	<u>623</u>
Net book value	<u>\$ 21,955</u>	<u>\$ 9,633</u>

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**4. Related party transactions**

During the year, the Organization recorded the following transactions with the City of Hamilton:

	<u>2011</u>	<u>2010</u>
Revenues		
Member levy collected on behalf of the Waterdown Business Improvement Area	<u>\$ 102,000</u>	<u>\$ 90,000</u>

The City of Hamilton has also contributed \$2,747 (2010 - \$2,434) to commercial improvement programs undertaken by the Organization, \$3,547 (2010 - \$Nil) from parking sharing revenue program and \$Nil (2010 - \$800) in other grants.

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**5. Financial instruments**

The Organization's financial instruments consist of cash, accounts receivable, accounts payable, and accruals. It is management's opinion that the Organization is not exposed to significant interest rate risk arising from these financial instruments. The fair values of these financial instruments approximate their carrying values.

The Organization's revenues are dependent on commercial property tax levies and bad debts have not been significant. As such, concentrations of credit risk are considered to be minimal.

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**Waterdown Business Improvement Area**  
**Notes to the Financial Statements**

December 31, 2011

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<b>6. Accumulated surplus</b>	<u>2011</u>	<u>2010</u>
Invested in capital assets	\$ 21,955	\$ 9,633
Surplus	<u>54,708</u>	<u>31,800</u>
Accumulated surplus	<u>\$ 76,703</u>	<u>\$ 41,433</u>