

Financial Statements of

**WESTDALE BUSINESS
IMPROVEMENT AREA**

Year ended December 31, 2016



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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the Westdale Business Improvement Area, which comprise the statement of financial position as at December 31, 2016, the statements of operations, changes in net financial assets and cash flows for the year then ended, and notes, comprising 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.

Auditors' 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 our 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, we consider internal control relevant to the entity'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 Westdale Business Improvement Area as at December 31, 2016, and its results of operations and its changes in net financial assets and cash flows for the year then ended in accordance with Canadian public sector accounting standards.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

May 24, 2017
Hamilton, Canada

WESTDALE BUSINESS IMPROVEMENT AREA

Financial Statements

Year ended December 31, 2016

Financial Statements

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WESTDALE BUSINESS IMPROVEMENT AREA

Statement of Financial Position

December 31, 2016, with comparative information for 2015

	2016	2015
Financial assets		
Cash	\$ 4,463	\$ 18,497
Accounts receivable	12,174	32,496
Due from City of Hamilton (note 4)	30,592	-
	<u>47,229</u>	<u>50,993</u>
Financial liabilities		
Accounts payable and accrued liabilities	7,739	21,906
Due to City of Hamilton (note 4)	-	577
Net financial assets	<u>39,490</u>	<u>28,510</u>
Non-financial assets		
Tangible capital assets (note 2)	2,495	7,758
Prepaid expenses	2,349	2,248
	<u>4,844</u>	<u>10,006</u>
Commitments (note 6)		
Accumulated surplus (note 3)	<u>\$ 44,334</u>	<u>\$ 38,516</u>

See accompanying notes to financial statements.

On behalf of the Board:

_____ Director

_____ Director

WESTDALE BUSINESS IMPROVEMENT AREA

Statement of Operations

Year ended December 31, 2016, with comparative information for 2015

	Budget (note 5)	2016	2015
Revenue:			
Assessment levy (note 4)	\$ 121,000	\$ 122,501	\$ 119,865
City of Hamilton grants (note 4)	-	36,924	36,418
Other income	-	3,214	4,658
	121,000	162,639	160,941
Expenses:			
Advertising	28,000	34,395	45,127
Amortization	-	5,263	10,107
Audit and legal fees	-	1,951	2,415
Bad debts expense	-	-	759
Bank charges	-	624	583
Beautification	18,000	39,724	53,696
Festival	30,000	40,972	37,846
Insurance	-	4,921	5,501
Miscellaneous	1,000	-	-
Office and general expense	9,000	4,033	5,371
Rent	-	7,729	7,244
Wages	35,000	17,209	26,283
	121,000	156,821	194,932
Annual surplus (deficit)	-	5,818	(33,991)
Accumulated surplus, beginning of year	38,516	38,516	72,507
Accumulated surplus, end of year	\$ 38,516	\$ 44,334	\$ 38,516

See accompanying notes to financial statements.

WESTDALE BUSINESS IMPROVEMENT AREA

Statement of Changes in Net Financial Assets

Year ended December 31, 2016, with comparative information for 2015

	2016	2015
Annual surplus (deficit)	\$ 5,818	\$ (33,991)
Amortization of tangible capital assets	5,263	10,107
(Increase) decrease in prepaid expenses	(101)	3,443
Change in net financial assets	10,980	(20,441)
Net financial assets, beginning of year	28,510	48,951
Net financial assets, end of year	\$ 39,490	\$ 28,510

See accompanying notes to financial statements.

WESTDALE BUSINESS IMPROVEMENT AREA

Statement of Cash Flows

Year ended December 31, 2016, with comparative information for 2015

	2016	2015
Cash provided by (used in):		
Operating activities:		
Annual surplus (deficit)	\$ 5,818	\$ (33,991)
Items not involving cash:		
Amortization	5,263	10,107
Change in non-cash assets and liabilities:		
Accounts receivable	20,322	(14,629)
Accounts payable and accrued liabilities	(14,167)	2,036
Prepaid expenses	(101)	3,443
Cash used in operating activities	17,135	(33,034)
Financing activities:		
Change in due from City of Hamilton	(31,169)	4,352
Net decrease in cash	(14,034)	(28,682)
Cash, beginning of year	18,497	47,179
Cash, end of year	\$ 4,463	\$ 18,497

See accompanying notes to financial statements.

WESTDALE BUSINESS IMPROVEMENT AREA

Notes to Financial Statements

Year ended December 31, 2016

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

1. Significant accounting policies:

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

(a) Basis of accounting:

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

(b) Government transfers:

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

(c) Other income:

Other income is recognized as revenue in the period earned.

WESTDALE BUSINESS IMPROVEMENT AREA

Notes to Financial Statements (continued)

Year ended December 31, 2016

1. Significant accounting policies (continued):

(d) Non-financial assets:

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

(i) Tangible capital assets:

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

Asset	Useful life - years
Furniture and equipment	10
Decorations	5

(e) Use of estimates:

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

WESTDALE BUSINESS IMPROVEMENT AREA

Notes to Financial Statements (continued)

Year ended December 31, 2016

2. Tangible capital assets:

Cost	Balance at December 31, 2015	Additions	Disposals	Balance at December 31, 2016
Furniture and equipment	\$ 7,129	\$ -	\$ -	\$ 7,129
Computer hardware	1,337	-	-	1,337
Decorations	46,972	-	-	46,972
Total	\$ 55,438	\$ -	\$ -	\$ 55,438

Accumulated amortization	Balance at December 31, 2015	Disposals	Amortization expense	Balance at December 31, 2016
Furniture and equipment	\$ 3,921	\$ -	\$ 713	\$ 4,634
Computer hardware	1,337	-	-	1,337
Decorations	42,422	-	4,550	46,972
Total	\$ 47,680	\$ -	\$ 5,263	\$ 52,943

Net book value	December 31, 2015	December 31, 2016
Furniture and equipment	\$ 3,208	\$ 2,495
Decorations	4,550	-
Total	\$ 7,758	\$ 2,495

WESTDALE BUSINESS IMPROVEMENT AREA

Notes to Financial Statements (continued)

Year ended December 31, 2016

2. Tangible capital assets (continued):

(a) Contributed tangible capital assets:

The Business Improvement Area received no contributed tangible capital assets in 2016 or 2015.

(b) Tangible capital assets disclosed at nominal values:

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

(c) Write-down of tangible capital assets:

The Business Improvement Area has not written down any tangible capital assets during the year or 2015.

3. Accumulated surplus:

Accumulated surplus consists of the following:

	2016	2015
Surplus:		
Invested in tangible capital assets	\$ 2,495	\$ 7,758
Operating	41,839	30,758
Accumulated surplus	\$ 44,334	\$ 38,516

4. Related party transactions:

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

	2016	2015
Revenue:		
Member levy collected on behalf of the Business Improvement Area	\$ 122,501	\$ 119,865

WESTDALE BUSINESS IMPROVEMENT AREA

Notes to Financial Statements (continued)

Year ended December 31, 2016

4. Related party transactions (continued):

The City of Hamilton has also contributed \$14,580 (2015 - \$14,456) to commercial improvement programs undertaken by the Business Improvement Area, \$1,326 (2015 - \$1,316) in other grants, \$17,185 (2015 - \$20,646) to a parking revenue sharing program and \$3,833 (2015 - \$nil) in other grants. At the end of the year, the Business Improvement Area had a receivable of \$33,091 (2015 - \$nil) from the City of Hamilton for outstanding grants. The Business Improvement Area had a payable of \$2,499 (2015 - \$577) to the City of Hamilton for the member levy deficit in the year.

5. Budget data:

The budget data presented in these financial statements is based upon the 2016 budget approved by the Board on December 10, 2015. Amortization and acquisitions of tangible capital assets were not contemplated on development of the budget and, as such, were not provided on the statement of changes in net financial assets.

6. Lease commitments:

The Business Improvement Area leases office space with an annual rental commitment of \$7,200. The Business Improvement Area does not have a formal lease agreement, and the extension of the lease is agreed upon annually for a one year period.