Financial Statements of

WESTDALE BUSINESS IMPROVEMENT AREA

And Independent Auditor's Report thereon

Year ended December 31, 2025

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INDEPENDENT AUDITOR'S REPORT

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

Opinion

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

- the statement of financial position as at December 31, 2025
- the statement of operations and accumulated surplus for the year then ended
- the statement of changes in net financial assets for the year then ended
- the statement of cash flows for the year then ended
- and notes, including a summary of significant accounting policies and other explanatory information.

(Hereinafter referred to as the "financial statements")

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at December 31, 2025, and its results of operations, its changes in net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

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

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

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

We also:

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

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

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

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

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

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

Hamilton, Canada

October 15, 2026

WESTDALE BUSINESS IMPROVEMENT AREA

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Year ended December 31, 2025

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WESTDALE BUSINESS IMPROVEMENT AREA

Statement of Financial Position

December 31, 2025, with comparative information for 2024

	2025	2024
Financial assets		
Cash	$ 65,849	$ 9,233
HST receivable	4,781	28,206
Due from City of Hamilton (note 4)	1,918	67,077
	72,548	104,516
Financial liabilities		
Accounts payable and accrued liabilities	10,862	47,203
Net financial assets	61,686	57,313
Non-financial assets		
Tangible capital assets (note 2)	15,871	20,285
Prepaid expenses	3,348	3,135
	19,219	23,420
Accumulated surplus (note 3)	$ 80,905	$ 80,733

See accompanying notes to financial statements.

On behalf of the Board:

_____ Director

_____ Director

WESTDALE BUSINESS IMPROVEMENT AREA

Statement of Operations and Accumulated Surplus

Year ended December 31, 2025, with comparative information for 2024

	2025 Budget (note 5)	2025 Actual	2024 Actual
Revenue:			
Assessment levy (note 4)	$ 138,156	$ 133,800	$ 122,200
City of Hamilton grants (note 4)	–	30,836	30,836
Other grant income	–	76,254	26,132
Other income	–	11,540	13,500
	138,156	252,430	192,668
Expenses:			
Advertising	34,125	16,367	34,901
Amortization	–	4,414	4,414
Bank charges	–	108	2,188
Beautification	15,000	69,017	36,835
Consulting and professional fees	–	72,342	45,932
Festival	37,203	23,404	12,223
Insurance	–	4,252	4,099
Interest	–	4,601	–
Office and general expense	5,000	14,937	9,328
Wages	46,828	26,316	22,422
Entertainment	–	16,500	–
	138,156	252,258	172,342
Annual surplus	–	172	20,326
Accumulated surplus, beginning of year	80,733	80,733	60,407
Accumulated surplus, end of year	$ 80,733	$ 80,905	$ 80,733

See accompanying notes to financial statements.

WESTDALE BUSINESS IMPROVEMENT AREA

Statement of Changes in Net Financial Assets

Year ended December 31, 2025, with comparative information for 2024

	2025	2024
Annual surplus	$ 172	$ 20,326
Amortization of tangible capital assets	4,414	4,414
Increase in prepaid expenses	(213)	(80)
Change in net financial assets	4,373	24,660
Net financial assets, beginning of year	57,313	32,653
Net financial assets, end of year	$ 61,686	$ 57,313

See accompanying notes to financial statements.

WESTDALE BUSINESS IMPROVEMENT AREA

Statement of Cash Flows

Year ended December 31, 2025, with comparative information for 2024

	2025	2024
Cash provided by (used in):		
Operating activities:		
Annual surplus	$ 172	$ 20,326
Items not involving cash:		
Amortization	4,414	4,414
Change in non–cash assets and liabilities:		
Accounts receivable	–	920
HST receivable	23,425	(13,409)
Accounts payable and accrued liabilities	(36,341)	35,379
Prepaid expenses	(213)	(80)
Cash (used in) from operating activities	(8,543)	47,550
Financing activities:		
Change in due from City of Hamilton	65,159	(61,541)
Net increase (decrease) in cash	56,616	(13,991)
Cash, beginning of year	9,233	23,224
Cash, end of year	$ 65,849	$ 9,233

See accompanying notes to financial statements.

WESTDALE BUSINESS IMPROVEMENT AREA

Notes to Financial Statements

Year ended December 31, 2025

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.

1. Significant accounting policies (continued):

(d) Non–financial assets:

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

(i) Tangible capital assets:

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

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

(e) Use of estimates:

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

2. Tangible capital assets:

Cost	Balance at December 31, 2024	Additions	Disposals	Balance at December 31, 2025
Furniture and equipment	$ 46,907	$ –	$ –	$ 46,907
Computer hardware	2,179	–	–	2,179
Decorations	50,463	–	–	50,463
Total	$ 99,549	$ –	$ –	$ 99,549

Accumulated Amortization	Balance at December 31, 2024	Amortization expense	Disposals	Balance at December 31, 2025
Furniture and equipment	$ 27,274	$ 3,978	$ –	$ 31,252
Computer hardware	1,527	436	–	1,963
Decorations	50,463	–	–	50,463
Total	$ 79,264	$ 4,414	$ –	$ 83,678

Net book value	December 31, 2024	December 31, 2025
Furniture and equipment	$ 19,633	$ 15,655
Computer hardware	652	216
Decorations	–	–
Total	$ 20,285	$ 15,871

2. Tangible capital assets (continued):

(a) Contributed tangible capital assets:

The Business Improvement Area received no contributed tangible capital assets in 2025 or 2024.

(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 2024.

3. Accumulated surplus:

Accumulated surplus consists of the following:

	2025	2024
Surplus:		
Invested in tangible capital assets	$ 15,871	$ 20,285
Operating	61,686	57,313
Prepaid expenses	3,348	3,135
Accumulated surplus	$ 80,905	$ 80,733

4. Related party transactions:

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

	2025	2024
Revenue:		
Member levy collected on behalf of the Business Improvement Area	$ 133,800	$ 122,200
City of Hamilton Grants	30,836	30,836

4. Related party transactions (continued):

The City of Hamilton has also contributed $nil (2024 - $5,006) to commercial improvement programs undertaken by the Business Improvement Area, $20,625 (2024 - $16,068) to a parking revenue sharing program and $68,852 (2024 - $9,762) in other grants.

At the end of the year, the Business Improvement Area had a receivable of $20,625 (2024 - $67,077) from the City of Hamilton for outstanding grants. The Business Improvement Area had a payable of $2,639 (2024 - $nil) to the City of Hamilton for the member levy deficit in the year and audit fee expenses.

5. Budget information:

The budget information presented in these financial statements is based upon the 2025 budget approved by the Board on January 15, 2025. 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.