

Financial Statements of

**WESTDALE BUSINESS
IMPROVEMENT AREA**

Year ended December 31, 2015



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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, 2015, 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, 2015, 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

September 21, 2016
Hamilton, Canada

WESTDALE BUSINESS IMPROVEMENT AREA

Financial Statements

Year ended December 31, 2015

Financial Statements

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WESTDALE BUSINESS IMPROVEMENT AREA

Statement of Financial Position

December 31, 2015, with comparative information for 2014

	2015	2014
Financial assets		
Cash	\$ 18,497	\$ 47,179
Accounts receivable	32,496	17,867
Due from City of Hamilton	-	3,775
	50,993	68,821
Financial liabilities		
Accounts payable and accrued liabilities	21,906	19,870
Due to City of Hamilton	577	-
Net financial assets	28,510	48,951
Non-financial assets		
Tangible capital assets (note 2)	7,758	17,865
Prepaid expenses	2,248	5,691
	10,006	23,556
Accumulated surplus (note 3)	\$ 38,516	\$ 72,507

See accompanying notes to financial statements.

On behalf of the Board:

_____ Director

_____ Director

WESTDALE BUSINESS IMPROVEMENT AREA

Statement of Operations

Year ended December 31, 2015, with comparative information for 2014

	Budget (note 5)	2015	2014
Revenue:			
Assessment levy (note 4)	\$ 121,000	\$ 119,865	\$ 122,500
City of Hamilton grants (note 4)	-	36,418	42,208
HST recovery	-	4,658	6,941
	121,000	160,941	171,649
Expenses:			
Advertising	28,000	45,127	33,699
Amortization	-	10,107	10,107
Audit and legal fees	-	2,415	1,007
Bad debts expense	-	759	-
Bank charges	-	583	128
Beautification	15,000	53,696	32,257
Festival	28,000	37,846	59,337
Insurance	-	5,501	4,780
Miscellaneous	1,000	-	-
Office and general expense	16,000	5,371	8,544
Rent	-	7,244	7,643
Wages	33,000	26,283	13,365
	121,000	194,932	170,867
Annual (deficit) surplus	-	(33,991)	782
Accumulated surplus, beginning of year		72,507	71,725
Accumulated surplus, end of year		\$ 38,516	\$ 72,507

See accompanying notes to financial statements.

WESTDALE BUSINESS IMPROVEMENT AREA

Statement of Changes in Net Financial Assets

Year ended December 31, 2015, with comparative information for 2014

	2015	2014
Annual (deficit) surplus	\$ (33,991)	\$ 782
Amortization of tangible capital assets	10,107	10,107
Decrease in prepaid expenses	3,443	(3,000)
Change in net financial assets	(20,441)	7,889
Net financial assets, beginning of year	48,951	41,062
Net financial assets, end of year	\$ 28,510	\$ 48,951

See accompanying notes to financial statements.

WESTDALE BUSINESS IMPROVEMENT AREA

Statement of Cash Flows

Year ended December 31, 2015, with comparative information for 2014

	2015	2014
Cash provided by (used in):		
Operating activities:		
Annual (deficit) surplus	\$ (33,991)	\$ 782
Items not involving cash:		
Amortization	10,107	10,107
Change in non-cash assets and liabilities:		
Accounts receivable	(14,629)	(14,626)
Accounts payable and accrued liabilities	2,036	1,981
Prepaid expenses	3,443	(3,000)
Cash used in operating activities	(33,034)	(4,756)
Financing activities:		
Change in due from City of Hamilton	4,352	(3,775)
Net decrease in cash	(28,682)	(8,531)
Cash, beginning of year	47,179	55,710
Cash, end of year	\$ 18,497	\$ 47,179

See accompanying notes to financial statements.

WESTDALE BUSINESS IMPROVEMENT AREA

Notes to Financial Statements

Year ended December 31, 2015

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. The Business Improvement Area is financed by a special levy charged upon businesses in the improvement area.

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) 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.

(c) Government transfers:

Government transfers received relate to the assessment levy and operating grants. 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.

WESTDALE BUSINESS IMPROVEMENT AREA

Notes to Financial Statements (continued)

Year ended December 31, 2015

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
Computer hardware	5
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, 2015

2. Tangible capital assets:

Cost	Balance at December 31, 2014	Additions	Disposals	Balance at December 31, 2015
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, 2014	Disposals	Amortization expense	Balance at December 31, 2015
Furniture and equipment	\$ 3,208	\$ -	\$ 713	\$ 3,921
Computer hardware	1,337	-	-	1,337
Decorations	33,028	-	9,394	42,422
Total	\$ 37,573	\$ -	\$ 10,107	\$ 47,680

Net book value	December 31, 2014	December 31, 2015
Furniture and equipment	\$ 3,921	\$ 3,208
Computer hardware	-	-
Decorations	13,944	4,550
Total	\$ 17,865	\$ 7,758

WESTDALE BUSINESS IMPROVEMENT AREA

Notes to Financial Statements (continued)

Year ended December 31, 2015

2. Tangible capital assets (continued):

(a) Contributed tangible capital assets:

The Business Improvement Area received \$nil (2014 - \$nil) in contributed tangible capital assets.

(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:

There were no write-downs of tangible capital assets during the year.

3. Accumulated surplus:

Accumulated surplus consists of the following:

	2015	2014
Surplus:		
Invested in tangible capital assets	\$ 7,758	\$ 17,865
Operating	30,758	54,642
Accumulated surplus	\$ 38,516	\$ 72,507

4. Related party transactions:

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

	2015	2014
Revenue:		
Member levy collected on behalf of the Business Improvement Area	\$ 119,865	\$ 122,500

The City of Hamilton has also contributed \$14,456 (2014 - \$13,736) to commercial improvement programs undertaken by the Business Improvement Area, \$1,316 (2014 - \$4,736) in other grants and \$20,646 (2014 - \$23,736) to a parking revenue sharing program.

WESTDALE BUSINESS IMPROVEMENT AREA

Notes to Financial Statements (continued)

Year ended December 31, 2015

5. Budget data:

The budget data presented in these financial statements is based upon the 2015 budget approved by the Board on December 10, 2014. Amortization was not contemplated on development of the budget and, as such, has not been included.