

Financial Statements of

**BARTON VILLAGE
BUSINESS IMPROVEMENT AREA**

Year ended December 31, 2016



KPMG LLP
Commerce Place
21 King Street West, Suite 700
Hamilton Ontario L8P 4W7
Canada
Telephone (905) 523-8200
Fax (905) 523-2222

INDEPENDENT AUDITORS' REPORT

To the Chairman and Members of the Board of Management of 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, 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 Barton Village 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

September 26, 2017
Hamilton, Canada

BARTON VILLAGE BUSINESS IMPROVEMENT AREA

Financial Statements

Year ended December 31, 2016

Financial Statements

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BARTON VILLAGE BUSINESS IMPROVEMENT AREA

Statement of Financial Position

December 31, 2016, with comparative information for 2015

	2016	2015
Financial assets		
Cash	\$ 55,631	\$ 24,127
HST receivable	20,392	23,874
Due from City of Hamilton (note 3)	-	2,048
	<u>76,023</u>	<u>50,049</u>
Financial liabilities		
Accounts payable and accrued liabilities	2,197	1,200
Deferred Revenue (note 4)	32,150	-
Due to City of Hamilton (note 3)	15,792	-
	<u>50,139</u>	<u>1,200</u>
Net financial assets	25,884	48,849
Non-financial assets		
Tangible capital assets (note 2)	20,281	14,055
Prepaid expenses	931	931
	<u>21,212</u>	<u>14,986</u>
Commitments (note 6)		
Accumulated surplus (note 5)	\$ 47,096	\$ 63,835

See accompanying notes to financial statements.

On behalf of the Board:

_____ Director

_____ Director

BARTON VILLAGE BUSINESS IMPROVEMENT AREA

Statement of Operations

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

	Budget (note 7)	2016	2015
Revenue:			
Assessment levy (note 3)	\$ 53,970	\$ 39,619	\$ 55,018
City of Hamilton grants (note 3)	-	19,679	17,704
Other revenue	-	45	-
HST recovery	-	-	3,239
Total revenue	53,970	59,343	75,961
Expenses:			
Advertising and promotion	6,000	9,273	4,053
Amortization	-	4,454	6,414
Bad debts	-	9,276	317
Bank charges	100	136	176
Commercial improvement	6,000	15,073	6,876
Event equipment and supplies	5,000	4,357	4,364
Insurance	1,960	2,303	2,121
Meetings and business development	3,290	1,699	1,852
Office expenses	3,210	5,311	4,322
Professional fees	1,350	799	1,269
Rent	6,780	6,000	7,345
Salaries – administrative	20,280	17,401	19,412
Parking expenses	-	-	181
Total expenses	53,970	76,082	58,702
Annual (deficit) surplus	-	(16,739)	17,259
Accumulated surplus, beginning of year	63,835	63,835	46,576
Accumulated surplus, end of year	\$ 63,835	\$ 47,096	\$ 63,835

See accompanying notes to financial statements.

BARTON VILLAGE BUSINESS IMPROVEMENT AREA

Statement of Changes in Net Financial Assets

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

	2016	2015
Annual (deficit) surplus	\$ (16,739)	\$ 17,259
Acquisition of tangible capital assets	(10,680)	-
Amortization of tangible capital assets	4,454	6,414
Change in net financial assets	(22,965)	23,673
Net financial assets, beginning of year	48,849	25,176
Net financial assets, end of year	\$ 25,884	\$ 48,849

See accompanying notes to financial statements.

BARTON VILLAGE 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 (deficit) surplus	\$ (16,739)	\$ 17,259
Items not involving cash:		
Amortization	4,454	6,414
Changes in non-cash assets and liabilities:		
Accounts payable and accrued liabilities	997	696
HST receivable	3,482	(3,239)
Deferred revenue	32,150	-
Net change in cash from operating activities	24,344	21,130
Capital activities:		
Cash used to acquire tangible capital assets	(10,680)	-
Financing activities:		
Change in due to City of Hamilton	17,840	(5,350)
Net increase in cash	31,504	15,780
Cash, beginning of year	24,127	8,347
Cash, end of year	\$ 55,631	\$ 24,127

See accompanying notes to financial statements.

BARTON VILLAGE BUSINESS IMPROVEMENT AREA

Notes to Financial Statements

Year ended December 31, 2016

The Barton Village Business Improvement Area ("Business Improvement Area") was established by the Council of the City of Hamilton and has been entrusted with the improvement, beautification and maintenance of municipally owned lands, buildings and structures in the improvement area, beyond such expenditures by the City of Hamilton. 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) 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.

(c) Other income:

Other income is reported as revenue in the period earned.

BARTON VILLAGE 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
Computer hardware	5
Decorations	5
Furniture and equipment	10

(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.

BARTON VILLAGE 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
Computer hardware	\$ 1,524	\$ -	\$ -	\$ 1,524
Decorations	23,467	10,680	-	34,147
Furniture and equipment	14,158	-	-	14,158
Total	\$ 39,149	\$ 10,680	\$ -	\$ 49,829

Accumulated amortization	Balance at December 31, 2015	Disposals	Amortization expense	Balance at December 31, 2016
Computer hardware	\$ 1,422	\$ -	102	\$ 1,524
Decorations	19,624	-	3,268	22,892
Furniture and equipment	4,048	-	1,084	5,132
Total	\$ 25,094	\$ -	4,454	\$ 29,548

	Net book value December 31, 2015	Net book value December 31, 2016
Computer hardware	\$ 102	\$ -
Decorations	3,843	11,255
Furniture and equipment	10,110	9,026
Total	\$ 14,055	\$ 20,281

(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 recorded write-downs of tangible capital assets during the year or 2015.

BARTON VILLAGE BUSINESS IMPROVEMENT AREA

Notes to Financial Statements (continued)

Year ended December 31, 2016

3. Related party transactions:

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

Revenue:

	2016	2015
Member levy collected on behalf of the Business Improvement Area	\$ 39,619	\$ 55,018

The City of Hamilton has also contributed \$6,352 (2015 - \$6,603) to commercial improvement programs undertaken by the Business Improvement Area, \$8,701 (2015 - \$9,784) from parking sharing revenue program and \$4,626 (2015 - \$1,317) in other grants.

At the end of the year, the Business Improvement Area had a payable the City of Hamilton of \$15,792 (2015 - (\$2,048)) which includes \$14,351 in member levy deficit as well as reimbursements for decorations and audit accrual totalling \$2,767, net of the 2016 Christmas grant of \$1,326.

4. Deferred revenue:

Deferred revenue is comprised of the 2017 assessment levy received in advance. The Business Improvement Area is required to use these funds for 2017 operations of the Business Improvement Area.

5. Accumulated surplus:

Accumulated surplus consists of the following:

	2016	2015
Surplus:		
Invested in tangible capital assets	\$ 20,281	\$ 14,055
Operating	26,815	49,780
Accumulated surplus	\$ 47,096	\$ 63,835

BARTON VILLAGE BUSINESS IMPROVEMENT AREA

Notes to Financial Statements (continued)

Year ended December 31, 2016

6. Commitments:

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

2017	\$ 6,780
2018	3,390

7. Budget data:

The budget data presented in these financial statements is based upon the 2016 budget approved by the Board on October 28, 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.