

Financial Statements of

**BARTON VILLAGE
BUSINESS IMPROVEMENT
AREA**

Year ended December 31, 2018



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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

Opinion

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

- the statement of financial position as at December 31, 2018,
- the statement of operations 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, 2018, 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 "Auditors' Responsibilities for the Audit of the Financial Statements" section of our auditors' 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 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.



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.

Auditors' 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 auditors' 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 auditors' 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 auditors 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.
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KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

Hamilton, Canada

June 27, 2019

BARTON VILLAGE BUSINESS IMPROVEMENT AREA

Financial Statements

Year ended December 31, 2018

Financial Statements

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BARTON VILLAGE BUSINESS IMPROVEMENT AREA

Statement of Financial Position

December 31, 2018, with comparative information for 2017

	2018	2017
Financial assets		
Cash	\$ 43,464	\$ 69,100
HST receivable	7,918	3,133
Due from City of Hamilton (note 3)	8,725	4,332
	<u>60,107</u>	<u>76,565</u>
Financial liabilities		
Accounts payable and accrued liabilities	6,490	118
Deferred Revenue (note 4)	-	32,150
	<u>6,490</u>	<u>32,268</u>
Net financial assets	53,617	44,297
Non-financial assets		
Tangible capital assets (note 2)	19,283	17,948
Prepaid expenses	216	216
	<u>19,499</u>	<u>18,164</u>
Accumulated surplus (note 5)	<u>\$ 73,116</u>	<u>\$ 62,461</u>

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, 2018, with comparative information for 2017

	Budget (note 6)	2018	2017
Revenue:			
Assessment levy (note 3)	\$ 61,300	\$ 55,885	\$ 60,864
City of Hamilton grants (note 3)	-	18,746	19,968
Festival income	-	20,959	16,615
Federal grant – Canada 150	-	-	18,000
Federal grant – Canada summer jobs	-	17,121	3,654
Provincial grant – Canada 150	-	-	2,000
Total revenue	61,300	112,711	121,101
Expenses:			
Advertising and promotion	4,000	1,694	1,928
Amortization	-	5,415	5,525
Bank charges	120	520	165
Commercial improvement	18,000	8,229	16,643
Event equipment and supplies	-	601	302
Insurance	2,500	3,011	3,361
Meetings and business development	2,550	2,057	1,925
Office expenses	7,330	8,249	7,873
Professional fees	500	2,420	1,120
Rent	7,100	7,578	6,195
Salaries – administrative	19,200	39,637	37,539
Festival expenses	-	22,645	23,160
Total expenses	61,300	102,056	105,736
Annual surplus (deficit)	-	10,655	15,365
Accumulated surplus, beginning of year	62,461	62,461	47,096
Accumulated surplus, end of year	\$ 62,461	\$ 73,116	\$ 62,461

See accompanying notes to financial statements.

BARTON VILLAGE BUSINESS IMPROVEMENT AREA

Statement of Changes in Net Financial Assets

Year ended December 31, 2018, with comparative information for 2017

	2018	2017
Annual surplus	\$ 10,655	\$ 15,365
Acquisition of tangible capital assets	(6,750)	(3,192)
Amortization of tangible capital assets	5,415	5,525
Prepaid expenses	-	715
Change in net financial assets	9,320	18,413
Net financial assets, beginning of year	44,297	25,884
Net financial assets, end of year	\$ 53,617	\$ 44,297

See accompanying notes to financial statements.

BARTON VILLAGE BUSINESS IMPROVEMENT AREA

Statement of Cash Flows

Year ended December 31, 2018, with comparative information for 2017

	2018	2017
Cash provided by (used in):		
Operating activities:		
Annual surplus	\$ 10,655	\$ 15,365
Items not involving cash:		
Amortization	5,415	5,525
Changes in non-cash assets and liabilities:		
Accounts payable and accrued liabilities	6,372	(2,079)
HST receivable	(4,785)	17,259
Deferred revenue	(32,150)	-
Prepaid expenses	-	715
Net change in cash from operating activities	(14,493)	36,785
Capital activities:		
Cash used to acquire tangible capital assets	(6,750)	(3,192)
Financing activities:		
Change in due from City of Hamilton	(4,393)	(20,124)
Net (decrease) increase in cash	(25,636)	13,469
Cash, beginning of year	69,100	55,631
Cash, end of year	\$ 43,464	\$ 69,100

See accompanying notes to financial statements.

BARTON VILLAGE BUSINESS IMPROVEMENT AREA

Notes to Financial Statements

Year ended December 31, 2018

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, 2018

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, 2018

2. Tangible capital assets:

Cost	Balance at December 31, 2017	Additions	Disposals	Balance at December 31, 2018
Computer hardware	\$ 1,908	\$ 2,248	\$ -	\$ 4,156
Decorations	35,227	4,502	-	39,729
Furniture and equipment	15,886	-	-	15,886
-				
Total	\$ 53,021	\$ 6,750	\$ -	\$ 59,771

Accumulated amortization	Balance at December 31, 2017	Disposals	Amortization expense	Balance at December 31, 2018
Computer hardware	\$ 1,601	\$ -	\$ 527	\$ 2,128
Decorations	26,751	-	3,280	30,031
Furniture and equipment	6,721	-	1,608	8,329
Total	\$ 35,073	\$ -	\$ 5,415	\$ 40,488

	Net book value December 31, 2017	Net book value December 31, 2018
Computer hardware	\$ 307	\$ 2,028
Decorations	8,476	9,698
Furniture and equipment	9,165	7,557
Total	\$ 17,948	\$ 19,283

(a) Contributed tangible capital assets:

The Business Improvement Area received no contributed tangible capital assets in 2018 or 2017.

(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 2017.

BARTON VILLAGE BUSINESS IMPROVEMENT AREA

Notes to Financial Statements (continued)

Year ended December 31, 2018

3. Related party transactions:

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

Revenue:

	2018	2017
Member levy collected on behalf of the Business Improvement Area	\$ 55,885	\$ 60,864

The City of Hamilton has also contributed \$6,370 (2017 - \$6,887) to commercial improvement programs undertaken by the Business Improvement Area, \$11,184 (2017 - \$10,131) from parking sharing revenue program and \$1,192 (2017 - \$6,250) in other grants, of which \$nil (2017 - \$3,300) is recorded in festival income.

At the end of the year, the Business Improvement Area had a receivable from the City of Hamilton of \$8,725 (2017 - (\$4,332)) which includes \$18,746 in outstanding grants net of \$8,453 member levy deficit, annual audit accrual of \$420 and other miscellaneous expenses of \$1,148.

4. Deferred revenue:

Deferred revenue is comprised of the 2018 assessment levy received in advance in 2017. The Business Improvement Area has used the funds for 2018 operations of the Business Improvement Area and recognized the full 2017 balance as revenue in 2018.

5. Accumulated surplus:

Accumulated surplus consists of the following:

	2018	2017
Surplus:		
Invested in tangible capital assets	\$ 19,283	\$ 17,948
Operating	53,833	44,513
Accumulated surplus	\$ 73,116	\$ 62,461

BARTON VILLAGE BUSINESS IMPROVEMENT AREA

Notes to Financial Statements (continued)

Year ended December 31, 2018

6. Budget data:

The budget data presented in these financial statements is based upon the 2018 budget approved by the Board on September 26, 2017. 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.

7. Comparative information:

Certain comparative information has been reclassified to conform with the financial statement presentation adopted in the current year. There is no impact to accumulated surplus as a result of the reclassification.