### Council Direction:
Not Applicable.

### Information:
Each year, the financial statements of the individual Business Improvement Areas (BIAs) of the City of Hamilton are audited by external auditors as prescribed by the Municipal Act. The financial statements of each BIA are prepared by management of the BIA and are approved by the board of management of the BIA.

City management decided that Council, through the Audit, Finance and Administration Committee, would receive the 2012 Audited Financial Statements of the BIAs in accordance with section 207 of the Municipal Act.

Section 207(1) of the Municipal Act refers to Business Improvement Areas and states:

“A board of management shall submit its annual report for the preceding year to Council by the date and in the form required by the municipality and the report shall include audited financial statements. 2001, c. 25, s. 207 (1).”
Appendix “A” to Report FCS13095 includes the final board approved financial statements for Ancaster BIA, Barton Village BIA, Downtown Hamilton BIA, International Village BIA, Locke Street BIA, Main St West Esplanade BIA, Ottawa Street BIA, Stoney Creek BIA, Waterdown BIA, and Westdale BIA. All of these BIAs have received an unqualified audit opinion.

At the time of writing, draft financial statements for Concession Street BIA, Dundas BIA, and King St. West BIA have been issued but not yet approved by the boards of management of these business improvement areas. City staff and the City’s auditors, KPMG LLP, continue to communicate with these BIAs to obtain approval of the 2012 financial statements.

**Appendices / Schedules:**
Financial Statements of

ANCASTER HERITAGE VILLAGE
BUSINESS IMPROVEMENT AREA

Year ended December 31, 2012
INDEPENDENT AUDITORS’ REPORT

To the Chairman and Members of the Board of Management of the Ancaster Heritage 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 the Ancaster Heritage Village Business Improvement Area, which comprise the statement of financial position as at December 31, 2012, the statements of operations, changes in net financial assets (debt) 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.

KPMG LLP is a Canadian limited liability partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative (“KPMG International”), a Swiss entity. KPMG Canada provides services to KPMG LLP.

KPMG Confidential
Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Ancaster Heritage Village Business Improvement Area as at December 31, 2012, and its results of operations and its changes in net financial assets (debt) and cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Comparative Information

The financial statements of the Ancaster Heritage Village Business Improvement Area as at and for the year ended December 31, 2011, were audited by another auditor who expressed an unmodified opinion on those financial statements on May 14, 2012.

KPMG LLP

Chartered Accountants, Licensed Public Accountants

September 9, 2013
Hamilton, Canada
ANCASTER HERITAGE VILLAGE BUSINESS IMPROVEMENT AREA

Financial Statements

Year ended December 31, 2012

Financial Statements

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ANCASTER HERITAGE VILLAGE BUSINESS IMPROVEMENT AREA

Statement of Financial Position

December 31, 2012, with comparative figures for 2011

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Financial assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash</td>
<td>$4,000</td>
<td>$75,434</td>
</tr>
<tr>
<td>Due from City of Hamilton</td>
<td>-</td>
<td>485</td>
</tr>
<tr>
<td><strong>Total Financial assets</strong></td>
<td>4,000</td>
<td>75,919</td>
</tr>
<tr>
<td><strong>Financial liabilities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts payable and accrued liabilities</td>
<td>7,963</td>
<td>2,410</td>
</tr>
<tr>
<td>Due to City of Hamilton</td>
<td>2,792</td>
<td>-</td>
</tr>
<tr>
<td>Deferred revenue</td>
<td>-</td>
<td>23,325</td>
</tr>
<tr>
<td><strong>Total Financial liabilities</strong></td>
<td>10,755</td>
<td>25,735</td>
</tr>
<tr>
<td><strong>Net financial assets (debt)</strong></td>
<td>(6,755)</td>
<td>50,184</td>
</tr>
<tr>
<td><strong>Non-financial assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tangible capital assets (note 2)</td>
<td>57,227</td>
<td>59,405</td>
</tr>
<tr>
<td>Prepaid expenses</td>
<td>6,408</td>
<td>2,621</td>
</tr>
<tr>
<td><strong>Total Non-financial assets</strong></td>
<td>63,635</td>
<td>62,026</td>
</tr>
<tr>
<td><strong>Accumulated surplus (note 3)</strong></td>
<td>$56,880</td>
<td>$112,210</td>
</tr>
</tbody>
</table>

See accompanying notes to financial statements.

On behalf of the Board:

_____________________________  Director

_____________________________  Director
ANCASTER HERITAGE VILLAGE BUSINESS IMPROVEMENT AREA

Statement of Operations

Year ended December 31, 2012, with comparative figures for 2011

<table>
<thead>
<tr>
<th></th>
<th>Budget</th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenue:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Assessment levy</td>
<td>$93,300</td>
<td>$90,022</td>
<td>$93,300</td>
</tr>
<tr>
<td>City of Hamilton grant</td>
<td></td>
<td>$20,317</td>
<td>$30,279</td>
</tr>
<tr>
<td>Farmer's market income</td>
<td></td>
<td>$13,913</td>
<td>$6,573</td>
</tr>
<tr>
<td>Other income</td>
<td></td>
<td>$5,352</td>
<td>$255</td>
</tr>
<tr>
<td><strong>Total revenue</strong></td>
<td>93,300</td>
<td>129,604</td>
<td>130,407</td>
</tr>
<tr>
<td><strong>Expenses:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Advertising and promotion</td>
<td>20,000</td>
<td>40,488</td>
<td>29,218</td>
</tr>
<tr>
<td>Amortization</td>
<td></td>
<td>$18,867</td>
<td>$13,598</td>
</tr>
<tr>
<td>Ancaster farmer's market</td>
<td></td>
<td>$19,064</td>
<td>$5,867</td>
</tr>
<tr>
<td>Bad debt</td>
<td></td>
<td></td>
<td>$634</td>
</tr>
<tr>
<td>Bank charges and interest</td>
<td></td>
<td>$353</td>
<td>482</td>
</tr>
<tr>
<td>Beautification</td>
<td>22,000</td>
<td>23,469</td>
<td>7,647</td>
</tr>
<tr>
<td>Business taxes</td>
<td></td>
<td>$388</td>
<td></td>
</tr>
<tr>
<td>CIP expenditures</td>
<td></td>
<td>$2,000</td>
<td>6,903</td>
</tr>
<tr>
<td>Community events support</td>
<td></td>
<td>$609</td>
<td>554</td>
</tr>
<tr>
<td>Donations</td>
<td></td>
<td>$10,000</td>
<td>5,100</td>
</tr>
<tr>
<td>General initiatives</td>
<td>10,500</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Grant</td>
<td></td>
<td>$20,000</td>
<td></td>
</tr>
<tr>
<td>Insurance</td>
<td></td>
<td>$6,012</td>
<td>4,494</td>
</tr>
<tr>
<td>Office expenses</td>
<td>13,300</td>
<td>2,487</td>
<td>2,059</td>
</tr>
<tr>
<td>Professional fees</td>
<td></td>
<td>$529</td>
<td>599</td>
</tr>
<tr>
<td>Rent</td>
<td></td>
<td>$6,780</td>
<td>6,780</td>
</tr>
<tr>
<td>Salaries</td>
<td>27,500</td>
<td>32,584</td>
<td>26,688</td>
</tr>
<tr>
<td>Utilities</td>
<td></td>
<td>$1,304</td>
<td>1,422</td>
</tr>
<tr>
<td><strong>Total expenses</strong></td>
<td>93,300</td>
<td>184,934</td>
<td>112,545</td>
</tr>
<tr>
<td><strong>Annual surplus (deficit)</strong></td>
<td></td>
<td>(55,330)</td>
<td>17,862</td>
</tr>
<tr>
<td><strong>Accumulated surplus, beginning of year</strong></td>
<td></td>
<td>112,210</td>
<td>94,348</td>
</tr>
<tr>
<td><strong>Accumulated surplus, end of year</strong></td>
<td>$</td>
<td>$56,880</td>
<td>$112,210</td>
</tr>
</tbody>
</table>

See accompanying notes to financial statements.
## ANCASTER HERITAGE VILLAGE BUSINESS IMPROVEMENT AREA

### Statement of Changes in Net Financial Assets (Debt)

Year ended December 31, 2012, with comparative figures for 2011

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Annual surplus (deficit)</td>
<td>$(55,330)</td>
<td>$17,862</td>
</tr>
<tr>
<td>Acquisition of tangible capital assets</td>
<td>(16,689)</td>
<td>(32,792)</td>
</tr>
<tr>
<td>Amortization of tangible capital assets</td>
<td>18,867</td>
<td>13,598</td>
</tr>
<tr>
<td>Increase in prepaid expenses</td>
<td>(3,787)</td>
<td>(72)</td>
</tr>
<tr>
<td>Change in net financial assets (debt)</td>
<td>(56,939)</td>
<td>(1,404)</td>
</tr>
<tr>
<td>Net financial assets, beginning of year</td>
<td>50,184</td>
<td>51,588</td>
</tr>
<tr>
<td>Net financial assets (debt), end of year</td>
<td>$(6,755)</td>
<td>$50,184</td>
</tr>
</tbody>
</table>

See accompanying notes to financial statements.
ANCASTER HERITAGE VILLAGE BUSINESS IMPROVEMENT AREA

Statement of Cash Flows

Year ended December 31, 2012, with comparative figures for 2011

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cash provided by (used in):</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Operating Activities:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Annual surplus (deficit)</td>
<td>$ (55,330)</td>
<td>$ 17,862</td>
</tr>
<tr>
<td>Items not involving cash:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Amortization</td>
<td>18,867</td>
<td>13,598</td>
</tr>
<tr>
<td>Change in non-cash operating working capital:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Prepaid expenses</td>
<td>(3,787)</td>
<td>(72)</td>
</tr>
<tr>
<td>Accounts payable and accrued liabilities</td>
<td>5,553</td>
<td>2,239</td>
</tr>
<tr>
<td>Deferred revenue</td>
<td>(23,325)</td>
<td>23,325</td>
</tr>
<tr>
<td><strong>Net change in cash from operating activities</strong></td>
<td>(58,022)</td>
<td>56,952</td>
</tr>
<tr>
<td><strong>Capital activities:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash used to acquire tangible capital assets</td>
<td>(16,689)</td>
<td>(32,792)</td>
</tr>
<tr>
<td><strong>Financing activities:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Change in due to/from City of Hamilton</td>
<td>3,277</td>
<td>1,251</td>
</tr>
<tr>
<td><strong>Net increase (decrease) in cash</strong></td>
<td>(71,434)</td>
<td>25,411</td>
</tr>
<tr>
<td>Cash, beginning of year</td>
<td>75,434</td>
<td>50,023</td>
</tr>
<tr>
<td><strong>Cash, end of year</strong></td>
<td>$ 4,000</td>
<td>$ 75,434</td>
</tr>
</tbody>
</table>

See accompanying notes to financial statements.
ANCASTER HERITAGE VILLAGE BUSINESS IMPROVEMENT AREA

Notes to Financial Statements

Year ended December 31, 2012

The Ancaster Heritage Village Business Improvement Area (the "Business Improvement Area") was established in 2009 in accordance with Section 220 of the Municipal Act, (R.S.O. 1990) for the purpose of providing improvement, beautification and maintenance of municipally owned land, buildings and structures in the area and the promotion of Ancaster Village as a business and shopping area. 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 as recommended by the Public Sector Accounting Board ("PSAB") of the Canadian Institute of Chartered Accountants. 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 grant. Transfers are recognized in the financial statements as revenues in the period in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amounts can be made.

(d) Deferred revenue:

Deferred revenues represent the tax bylaw revenue which has been collected, but for which the related services have yet to be performed. These amounts will be recognized as revenues in the fiscal year the services are performed.
1. Significant accounting policies (continued):

   (e) 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:

<table>
<thead>
<tr>
<th>Asset</th>
<th>Useful life - years</th>
</tr>
</thead>
<tbody>
<tr>
<td>Decorations</td>
<td>5</td>
</tr>
<tr>
<td>Computers</td>
<td>5</td>
</tr>
<tr>
<td>Furniture</td>
<td>10</td>
</tr>
</tbody>
</table>

   (f) 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:

<table>
<thead>
<tr>
<th></th>
<th>Cost</th>
<th>Additions</th>
<th>Disposals</th>
<th>Balance at December 31,</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>December 31, 2011</td>
<td></td>
<td></td>
<td>2012</td>
</tr>
<tr>
<td>Decorations</td>
<td>$82,784</td>
<td>$15,214</td>
<td>-</td>
<td>$97,998</td>
</tr>
<tr>
<td>Computers</td>
<td>-</td>
<td>1,475</td>
<td>-</td>
<td>1,475</td>
</tr>
<tr>
<td>Furniture</td>
<td>3,204</td>
<td>-</td>
<td>-</td>
<td>3,204</td>
</tr>
<tr>
<td>Total</td>
<td>$85,988</td>
<td>$16,689</td>
<td>-</td>
<td>$102,677</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Amortization expense 2011</th>
<th>Disposals</th>
<th>Balance at December 31, 2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Decorations</td>
<td>$18,078</td>
<td>-</td>
<td>$44,181</td>
</tr>
<tr>
<td>Computers</td>
<td>148</td>
<td>-</td>
<td>148</td>
</tr>
<tr>
<td>Furniture</td>
<td>641</td>
<td>-</td>
<td>1,121</td>
</tr>
<tr>
<td>Total</td>
<td>$18,867</td>
<td>-</td>
<td>$45,450</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Decorations</td>
<td>$56,681</td>
<td>$53,817</td>
</tr>
<tr>
<td>Computers</td>
<td>-</td>
<td>1,327</td>
</tr>
<tr>
<td>Furniture</td>
<td>2,724</td>
<td>2,083</td>
</tr>
<tr>
<td>Total</td>
<td>$59,405</td>
<td>$57,227</td>
</tr>
</tbody>
</table>

3. Accumulated surplus:

Accumulated surplus consists of the following:

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Surplus (deficit):</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Invested in tangible capital assets</td>
<td>$57,227</td>
<td>$59,405</td>
</tr>
<tr>
<td>Operating</td>
<td>(347)</td>
<td>52,805</td>
</tr>
<tr>
<td>Total</td>
<td>$56,880</td>
<td>$112,210</td>
</tr>
</tbody>
</table>
4. Related party transactions:

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

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Member levy collected on behalf of the Business Improvement Area</td>
<td>$90,022</td>
<td>$93,300</td>
</tr>
</tbody>
</table>

The City of Hamilton has also contributed $6,628 (2011 - $6,903) to commercial improvement programs undertaken by the Business Improvement Area, nil (2011 - $15,000) for a program to purchase new planters, $3,000 (2011 - $nil) for the farmer's market, $7,784 (2011 - $7,471) from parking revenue sharing program, and $2,905 (2011 - $nil) in other miscellaneous grants.

5. Budget data:

The unaudited budget data presented in these financial statements is based upon the 2012 budget approved by the Board on December 12, 2011. Amortization was not contemplated on development of the budget and, as such, has not been included.

6. Comparative figures:

Certain 2011 comparative figures have been reclassified to conform with the financial statement presentation adopted for the current year.
Financial Statements of

BARTON VILLAGE
BUSINESS IMPROVEMENT AREA

Year ended December 31, 2012
INDEPENDENT AUDITORS’ REPORT

To the Chairman and Members of the Board of Management of Ottawa Street 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, 2012, 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, 2012, 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.

Other matters

The financial statements of Barton Village Business Improvement Area for the year ended December 31, 2011, were audited by another auditor who expressed an unmodified audit opinion on those statements on June 19, 2012.

Chartered Accountants, Licensed Public Accountants

October 1, 2013
Hamilton, Canada
BARTON VILLAGE BUSINESS IMPROVEMENT AREA

Financial Statements

Year ended December 31, 2012

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BARTON VILLAGE BUSINESS IMPROVEMENT AREA

Statement of Financial Position

December 31, 2012, with comparative figures for 2011

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Financial assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash</td>
<td>$14,672</td>
<td>$17,433</td>
</tr>
<tr>
<td>Due from City of Hamilton</td>
<td>10,523</td>
<td>14,004</td>
</tr>
<tr>
<td><strong>Total Financial assets</strong></td>
<td>25,195</td>
<td>31,437</td>
</tr>
<tr>
<td><strong>Financial liabilities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts payable and accrued liabilities</td>
<td>1,363</td>
<td>748</td>
</tr>
<tr>
<td>Deferred revenue</td>
<td>-</td>
<td>1,054</td>
</tr>
<tr>
<td><strong>Total Financial liabilities</strong></td>
<td>1,363</td>
<td>1,802</td>
</tr>
<tr>
<td><strong>Net financial assets</strong></td>
<td>23,832</td>
<td>29,635</td>
</tr>
<tr>
<td><strong>Non-financial assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tangible capital assets (note 2)</td>
<td>11,419</td>
<td>10,792</td>
</tr>
<tr>
<td>Prepaid expenses</td>
<td>315</td>
<td>447</td>
</tr>
<tr>
<td><strong>Total Non-financial assets</strong></td>
<td>11,734</td>
<td>11,239</td>
</tr>
<tr>
<td><strong>Accumulated surplus (note 4)</strong></td>
<td>$35,566</td>
<td>$40,874</td>
</tr>
</tbody>
</table>

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, 2012, with comparative figures for 2011

<table>
<thead>
<tr>
<th></th>
<th>Budget</th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(Unaudited - note 5)</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Revenue:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Assessment levy</td>
<td>$46,630</td>
<td>$46,630</td>
<td>$50,046</td>
</tr>
<tr>
<td>City of Hamilton grants</td>
<td>-</td>
<td>10,950</td>
<td>5,124</td>
</tr>
<tr>
<td>Parking share revenue</td>
<td>-</td>
<td>11,494</td>
<td>11,561</td>
</tr>
<tr>
<td>Interest income</td>
<td>-</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td><strong>Total revenue</strong></td>
<td>46,630</td>
<td>69,077</td>
<td>66,734</td>
</tr>
<tr>
<td><strong>Expenses:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Advertising and promotion</td>
<td>-</td>
<td>11,815</td>
<td>4,870</td>
</tr>
<tr>
<td>Bad debts</td>
<td>932</td>
<td>971</td>
<td>973</td>
</tr>
<tr>
<td>Commercial improvement</td>
<td>8,900</td>
<td>19,249</td>
<td>5,124</td>
</tr>
<tr>
<td>Event equipment and supplies</td>
<td>6,400</td>
<td>1,934</td>
<td>7,286</td>
</tr>
<tr>
<td>Insurance</td>
<td>1,750</td>
<td>2,022</td>
<td>1,509</td>
</tr>
<tr>
<td>Meetings</td>
<td>3,350</td>
<td>1,980</td>
<td>1,669</td>
</tr>
<tr>
<td>Office expenses</td>
<td>1,748</td>
<td>4,109</td>
<td>1,556</td>
</tr>
<tr>
<td>Professional fees</td>
<td>1,950</td>
<td>1,966</td>
<td>1,616</td>
</tr>
<tr>
<td>Rent</td>
<td>6,000</td>
<td>6,000</td>
<td>6,000</td>
</tr>
<tr>
<td>Repairs and maintenance</td>
<td>-</td>
<td>4,880</td>
<td>3,946</td>
</tr>
<tr>
<td>Research and development</td>
<td>600</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Salaries – administrative</td>
<td>15,000</td>
<td>16,950</td>
<td>16,950</td>
</tr>
<tr>
<td>Amortization</td>
<td>-</td>
<td>2,509</td>
<td>1,885</td>
</tr>
<tr>
<td><strong>Total expenses</strong></td>
<td>46,630</td>
<td>74,385</td>
<td>53,384</td>
</tr>
<tr>
<td><strong>Annual (deficit) surplus</strong></td>
<td>-</td>
<td>(5,308)</td>
<td>13,350</td>
</tr>
<tr>
<td><strong>Accumulated surplus, beginning of year</strong></td>
<td>-</td>
<td>40,874</td>
<td>27,524</td>
</tr>
<tr>
<td><strong>Accumulated surplus, end of year</strong></td>
<td>$</td>
<td>-</td>
<td>$35,566</td>
</tr>
</tbody>
</table>

See accompanying notes to financial statements.
### BARTON VILLAGE BUSINESS IMPROVEMENT AREA

**Statement of Changes in Net Financial Assets**

Year ended December 31, 2012, with comparative figures for 2011

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Annual surplus (deficit)</td>
<td>$ (5,308)</td>
<td>$ 13,350</td>
</tr>
<tr>
<td>Acquisition of tangible capital assets</td>
<td>(3,136)</td>
<td>(640)</td>
</tr>
<tr>
<td>Amortization of tangible capital assets</td>
<td>2,509</td>
<td>1,885</td>
</tr>
<tr>
<td>Decrease (increase) in prepaid expenses</td>
<td>132</td>
<td>(278)</td>
</tr>
<tr>
<td>Change in net financial assets (debt)</td>
<td>(5,803)</td>
<td>14,317</td>
</tr>
<tr>
<td>Net financial assets, beginning of year</td>
<td>29,635</td>
<td>15,318</td>
</tr>
<tr>
<td>Net financial assets, end of year</td>
<td>$ 23,832</td>
<td>$ 29,635</td>
</tr>
</tbody>
</table>

See accompanying notes to financial statements.
BARTON VILLAGE BUSINESS IMPROVEMENT AREA
Statement of Cash Flows

Year ended December 31, 2012, with comparative figures for 2011

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash provided by (used in):</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operating Activities:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Annual deficit</td>
<td>$ (5,308)</td>
<td>$ 13,350</td>
</tr>
<tr>
<td>Items not involving cash:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Amortization</td>
<td>2,509</td>
<td>1,885</td>
</tr>
<tr>
<td>Changes in non-cash assets and liabilities:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Prepaid expenses</td>
<td>132</td>
<td>(278)</td>
</tr>
<tr>
<td>Accounts payable and accrued liabilities</td>
<td>615</td>
<td>(105)</td>
</tr>
<tr>
<td>Deferred revenue</td>
<td>(1,054)</td>
<td>-</td>
</tr>
<tr>
<td>Net change in cash from operating activities</td>
<td>(3,106)</td>
<td>14,852</td>
</tr>
<tr>
<td>Capital activities:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash used to acquire tangible capital assets</td>
<td>(3,136)</td>
<td>(640)</td>
</tr>
<tr>
<td>Financing activities:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Change in due from City of Hamilton</td>
<td>3,481</td>
<td>(14,004)</td>
</tr>
<tr>
<td>Net (decrease) increase in cash</td>
<td>(2,761)</td>
<td>(208)</td>
</tr>
<tr>
<td>Cash, beginning of year</td>
<td>17,433</td>
<td>17,225</td>
</tr>
<tr>
<td>Cash, end of year</td>
<td>$ 14,672</td>
<td>$ 17,433</td>
</tr>
</tbody>
</table>

See accompanying notes to financial statements.
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 municipality owned lands, buildings and structures in the improvement area, beyond such expenditures 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 as recommended by the Public Sector Accounting Board ("PSAB") of the Canadian Institute of Chartered Accountants. 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) Deferred revenue:

Deferred revenues represent the tax levy bylaw revenue which has been collected, but for which the related services have yet to be performed. These amounts will be recognized as revenues in the fiscal year the services are performed.
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:

<table>
<thead>
<tr>
<th>Asset</th>
<th>Useful life - years</th>
</tr>
</thead>
<tbody>
<tr>
<td>Computer hardware</td>
<td>5</td>
</tr>
<tr>
<td>Decorations</td>
<td>5</td>
</tr>
<tr>
<td>Furniture and equipment</td>
<td>10</td>
</tr>
</tbody>
</table>

(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:

<table>
<thead>
<tr>
<th></th>
<th>Balance at December 31, 2011</th>
<th>Additions</th>
<th>Disposals</th>
<th>Balance at December 31, 2012</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cost</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Computer hardware</td>
<td>$734</td>
<td>-</td>
<td>-</td>
<td>$734</td>
</tr>
<tr>
<td>Furniture and equipment</td>
<td>2,702</td>
<td>-</td>
<td>-</td>
<td>2,702</td>
</tr>
<tr>
<td>Decorations</td>
<td>13,109</td>
<td>3,136</td>
<td>-</td>
<td>16,245</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$16,545</td>
<td>3,136</td>
<td>-</td>
<td>$19,681</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Computers</strong></td>
<td>$441</td>
<td>-</td>
<td>147</td>
<td>588</td>
</tr>
<tr>
<td>Furniture and equipment</td>
<td>1,095</td>
<td>-</td>
<td>270</td>
<td>1,365</td>
</tr>
<tr>
<td>Decorations</td>
<td>4,217</td>
<td>-</td>
<td>2,092</td>
<td>6,309</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$5,753</td>
<td>-</td>
<td>2,509</td>
<td>8,262</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Computers</td>
<td>$293</td>
<td>146</td>
</tr>
<tr>
<td>Furniture and equipment</td>
<td>1,607</td>
<td>1,337</td>
</tr>
<tr>
<td>Decorations</td>
<td>8,892</td>
<td>9,936</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$10,792</td>
<td>11,419</td>
</tr>
</tbody>
</table>

(a) Contributed tangible capital assets:

The Business Improvement Area received $nil (2011 - $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:

The Business Improvement Area has not recorded write-downs of tangible capital assets during the year.
3. **Related party transactions:**

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

**Revenue:**

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Member levy collected on behalf of the Business Improvement Area</td>
<td>$ 46,630</td>
<td>$ 46,630</td>
</tr>
</tbody>
</table>

The City of Hamilton has also contributed $4,895 (2011 - $5,124) to commercial improvement programs undertaken by the Business Improvement Area, $11,494 (2011 - $11,561) from parking sharing revenue program and $6,055 (2011 - $nil) in other grants.

4. **Accumulated surplus:**

Accumulated surplus consists of the following:

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Surplus:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Invested in tangible capital assets</td>
<td>$ 11,419</td>
<td>$ 10,792</td>
</tr>
<tr>
<td>Operating surplus</td>
<td>24,147</td>
<td>30,082</td>
</tr>
<tr>
<td>Accumulated surplus</td>
<td>$ 35,566</td>
<td>$ 40,874</td>
</tr>
</tbody>
</table>

5. **Budget data:**

The unaudited budget data presented in these financial statements is based upon the 2012 budget approved by the Board on October 20, 2011. Amortization was not contemplated on development of the budget and, as such, has not been included.

6. **Comparative figures:**

Certain 2011 comparative figures have been reclassified to conform with the financial statement presentation adopted for the current year.
Financial Statements of

DOWNTOWN HAMILTON BUSINESS IMPROVEMENT AREA

Year ended December 31, 2012
INDEPENDENT AUDITORS’ REPORT

To the Chairman and Members of the Board of Management of the Downtown Hamilton 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 Downtown Hamilton Business Improvement Area, which comprise the statement of financial position as at December 31, 2012, the statements of operations, changes in net financial assets (debt) 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 Downtown Hamilton Business Improvement Area as at December 31, 2012, and its results of operations and its changes in net financial assets (debt) and cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Other matters

The financial statements of Downtown Hamilton Business Improvement Area as at and for the year ended December 31, 2011, were audited by another auditor who expressed an unmodified audit opinion on those financial statements on June 20, 2012.

Chartered Accountants, Licensed Public Accountants

September 19, 2013
Hamilton, Canada
# DOWNTOWN HAMILTON BUSINESS IMPROVEMENT AREA

## Financial Statements

Year ended December 31, 2012

<table>
<thead>
<tr>
<th>Financial Statements</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Statement of Financial Position</td>
<td>1</td>
</tr>
<tr>
<td>Statement of Operations</td>
<td>2</td>
</tr>
<tr>
<td>Statement of Changes in Net Financial Assets (Debt)</td>
<td>3</td>
</tr>
<tr>
<td>Statement of Cash Flows</td>
<td>4</td>
</tr>
<tr>
<td>Notes to Financial Statements</td>
<td>5</td>
</tr>
</tbody>
</table>
## DOWNTOWN HAMILTON BUSINESS IMPROVEMENT AREA

**Statement of Financial Position**

December 31, 2012, with comparative figures for 2011

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Financial assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash</td>
<td>$69,120</td>
<td>$77,413</td>
</tr>
<tr>
<td>HST receivable</td>
<td>17,102</td>
<td>27,217</td>
</tr>
<tr>
<td>Accounts receivable</td>
<td>2,064</td>
<td>584</td>
</tr>
<tr>
<td>Due from City of Hamilton</td>
<td>961</td>
<td>342</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>89,247</td>
<td>105,556</td>
</tr>
<tr>
<td><strong>Financial liabilities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts payable and accrued liabilities</td>
<td>22,074</td>
<td>17,201</td>
</tr>
<tr>
<td>Deferred revenue</td>
<td>68,750</td>
<td>62,500</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>90,824</td>
<td>79,701</td>
</tr>
<tr>
<td><strong>Net financial assets (debt)</strong></td>
<td>(1,577)</td>
<td>25,855</td>
</tr>
<tr>
<td><strong>Non-financial assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tangible capital assets (note 2)</td>
<td>53,029</td>
<td>46,006</td>
</tr>
<tr>
<td>Prepaid expenses</td>
<td>3,394</td>
<td>3,582</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>56,423</td>
<td>49,588</td>
</tr>
<tr>
<td><strong>Accumulated surplus (note 3)</strong></td>
<td>$54,846</td>
<td>$75,443</td>
</tr>
</tbody>
</table>

Commitments (note 4)

See accompanying notes to financial statements.

On behalf of the Board:

__________________________  Director

__________________________  Director
# DOWNTOWN HAMILTON BUSINESS IMPROVEMENT AREA

## Statement of Operations

Year ended December 31, 2012, with comparative figures for 2011

<table>
<thead>
<tr>
<th></th>
<th>Budget</th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenue:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Assessment levy (note 5)</td>
<td>$250,000</td>
<td>$249,437</td>
<td>$237,999</td>
</tr>
<tr>
<td>City of Hamilton grants</td>
<td>-</td>
<td>20,232</td>
<td>18,013</td>
</tr>
<tr>
<td>Federal grant</td>
<td>-</td>
<td>7,121</td>
<td>4,102</td>
</tr>
<tr>
<td>Interest</td>
<td>100</td>
<td>24</td>
<td>47</td>
</tr>
<tr>
<td>Other</td>
<td>33,000</td>
<td>50,092</td>
<td>23,295</td>
</tr>
<tr>
<td><strong>Total Revenue:</strong></td>
<td>283,100</td>
<td>326,906</td>
<td>283,456</td>
</tr>
<tr>
<td><strong>Expenses:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Administration</td>
<td>22,500</td>
<td>8,385</td>
<td>11,371</td>
</tr>
<tr>
<td>Amortization</td>
<td>6,800</td>
<td>11,620</td>
<td>14,380</td>
</tr>
<tr>
<td>Tax appeal</td>
<td>-</td>
<td>-</td>
<td>563</td>
</tr>
<tr>
<td>Beautification</td>
<td>64,000</td>
<td>25,598</td>
<td>41,397</td>
</tr>
<tr>
<td>Commercial improvement program</td>
<td>-</td>
<td>3,867</td>
<td>3,753</td>
</tr>
<tr>
<td>Office</td>
<td>37,700</td>
<td>42,480</td>
<td>47,942</td>
</tr>
<tr>
<td>Professional fees</td>
<td>2,000</td>
<td>2,185</td>
<td>1,855</td>
</tr>
<tr>
<td>Promotions</td>
<td>100,000</td>
<td>145,482</td>
<td>130,096</td>
</tr>
<tr>
<td>Salaries</td>
<td>90,000</td>
<td>107,886</td>
<td>77,213</td>
</tr>
<tr>
<td><strong>Total Expenses:</strong></td>
<td>323,000</td>
<td>347,503</td>
<td>328,570</td>
</tr>
<tr>
<td><strong>Annual deficit</strong></td>
<td>(39,900)</td>
<td>(20,597)</td>
<td>(45,114)</td>
</tr>
<tr>
<td><strong>Accumulated surplus, beginning of year</strong></td>
<td>-</td>
<td>75,443</td>
<td>120,557</td>
</tr>
<tr>
<td><strong>Accumulated surplus (deficit), end of year</strong></td>
<td>$54,846</td>
<td>$75,443</td>
<td></td>
</tr>
</tbody>
</table>

See accompanying notes to financial statements.
## DOWNTOWN HAMILTON BUSINESS IMPROVEMENT AREA

Statement of Changes in Net Financial Assets (Debt)

Year ended December 31, 2012, with comparative figures for 2011

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Annual deficit</td>
<td>$(20,597)</td>
<td>$(45,114)</td>
</tr>
<tr>
<td>Acquisition of tangible capital assets</td>
<td>(18,643)</td>
<td>(9,197)</td>
</tr>
<tr>
<td>Amortization of tangible capital assets</td>
<td>11,620</td>
<td>14,380</td>
</tr>
<tr>
<td>Decrease (increase) in prepaid expenses</td>
<td>188</td>
<td>(352)</td>
</tr>
<tr>
<td>Change in net financial assets (debt)</td>
<td>(27,432)</td>
<td>(40,283)</td>
</tr>
<tr>
<td>Net financial assets, beginning of year</td>
<td>25,855</td>
<td>66,138</td>
</tr>
<tr>
<td>Net financial assets (debt), end of year</td>
<td>$(1,577)</td>
<td>$25,855</td>
</tr>
</tbody>
</table>

See accompanying notes to financial statements.
**DOWNTOWN HAMILTON BUSINESS IMPROVEMENT AREA**

Statement of Cash Flows

Year ended December 31, 2012, with comparative figures for 2011

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cash provided by (used in):</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operating activities:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Annual deficit</td>
<td>$(20,597)</td>
<td>$(45,114)</td>
</tr>
<tr>
<td>Items not involving cash:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Amortization</td>
<td>11,620</td>
<td>14,380</td>
</tr>
<tr>
<td>Change in non-cash financial assets and liabilities:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>HST receivable</td>
<td>10,115</td>
<td>4,893</td>
</tr>
<tr>
<td>Accounts receivable</td>
<td>(1,480)</td>
<td>2,611</td>
</tr>
<tr>
<td>Prepaid expenses</td>
<td>188</td>
<td>(352)</td>
</tr>
<tr>
<td>Accounts payable and accrued liabilities</td>
<td>4,873</td>
<td>2,517</td>
</tr>
<tr>
<td>Deferred revenue</td>
<td>6,250</td>
<td>62,500</td>
</tr>
<tr>
<td><strong>Cash provided by operating activities</strong></td>
<td>10,969</td>
<td>41,435</td>
</tr>
<tr>
<td>Capital activities:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash used to acquire tangible capital assets</td>
<td>(18,643)</td>
<td>(9,197)</td>
</tr>
<tr>
<td>Financing activities:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Change in due from City of Hamilton</td>
<td>(619)</td>
<td>5,856</td>
</tr>
<tr>
<td><strong>Net (decrease) increase in cash</strong></td>
<td>(8,293)</td>
<td>38,094</td>
</tr>
<tr>
<td><strong>Cash, beginning of year</strong></td>
<td>77,413</td>
<td>39,319</td>
</tr>
<tr>
<td><strong>Cash, end of year</strong></td>
<td>$69,120</td>
<td>$77,413</td>
</tr>
</tbody>
</table>

See accompanying notes to financial statements.
The Downtown Hamilton Business Improvement Area (the "Business Improvement Area") was established in 1982 by the Council of the City of Hamilton and has been entrusted with the improvement, beautification and maintenance of municipality owned lands, 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 as recommended by the Public Sector Accounting Board ("PSAB") of the Canadian Institute of Chartered Accountants. 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 grant. Transfers are recognized in the financial statements as revenues in the period in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amounts can be made.

   (d) **Deferred revenue:**

   Deferred revenue represents the tax bylaw revenue which has been collected, but for which the related services have yet to be performed. These amounts will be recognized as revenues in the fiscal year the services are performed.
1. Significant accounting policies (continued):

   (e) 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:

<table>
<thead>
<tr>
<th>Asset</th>
<th>Useful life - years</th>
</tr>
</thead>
<tbody>
<tr>
<td>Computer hardware</td>
<td>5</td>
</tr>
<tr>
<td>Computer software</td>
<td>3</td>
</tr>
<tr>
<td>Decorations</td>
<td>5</td>
</tr>
<tr>
<td>Furniture and equipment</td>
<td>10</td>
</tr>
</tbody>
</table>

   (f) 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:**

<table>
<thead>
<tr>
<th></th>
<th>Balance at December 31, 2011</th>
<th>Additions</th>
<th>Disposals</th>
<th>Balance at December 31, 2012</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cost</strong></td>
<td>$2,502</td>
<td>-</td>
<td>-</td>
<td>$2,502</td>
</tr>
<tr>
<td>Computer hardware</td>
<td>206</td>
<td>10,433</td>
<td>-</td>
<td>92,911</td>
</tr>
<tr>
<td>Decorations</td>
<td>47,170</td>
<td>8,210</td>
<td>-</td>
<td>55,380</td>
</tr>
<tr>
<td>Furniture and equipment</td>
<td>82,478</td>
<td>10,433</td>
<td>-</td>
<td>92,911</td>
</tr>
<tr>
<td>Total</td>
<td>$132,356</td>
<td>18,643</td>
<td>-</td>
<td>$150,999</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Accumulated December 31, 2011</th>
<th>Amortization expense</th>
<th>Balance at December 31, 2012</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cost</strong></td>
<td>$2,122</td>
<td>262</td>
<td>$2,384</td>
</tr>
<tr>
<td>Computer hardware</td>
<td>206</td>
<td>-</td>
<td>206</td>
</tr>
<tr>
<td>Decorations</td>
<td>72,081</td>
<td>5,820</td>
<td>77,901</td>
</tr>
<tr>
<td>Furniture and equipment</td>
<td>11,941</td>
<td>5,538</td>
<td>17,479</td>
</tr>
<tr>
<td>Total</td>
<td>$86,350</td>
<td>-</td>
<td>$97,970</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Computer hardware</td>
<td>$380</td>
<td>118</td>
</tr>
<tr>
<td>Computer software</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Decorations</td>
<td>10,397</td>
<td>15,010</td>
</tr>
<tr>
<td>Furniture and equipment</td>
<td>35,229</td>
<td>37,901</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$46,006</td>
<td>$53,029</td>
</tr>
</tbody>
</table>

(a) **Contributed tangible capital assets:**

The Business Improvement Area received $nil (2011 - $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:**

The Business Improvement Area has not recorded write-downs of tangible capital during the year.
3. **Accumulated surplus:**

Accumulated surplus consists of the following:

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Surplus (deficit):</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Invested in tangible capital assets</td>
<td>$53,029</td>
<td>$46,006</td>
</tr>
<tr>
<td>Operating</td>
<td>1,817</td>
<td>29,437</td>
</tr>
<tr>
<td>Total</td>
<td>$54,846</td>
<td>$75,443</td>
</tr>
</tbody>
</table>

4. **Commitments:**

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

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>$14,586</td>
</tr>
<tr>
<td>2014</td>
<td>12,155</td>
</tr>
</tbody>
</table>

5. **Assessment levy:**

The City of Hamilton has approved funding to the Business Improvement Area in the amount of $250,000 (2011 - $238,000). The difference between the assessment in the statement of operations is due to the tax appeal amount $563 (2011 - $1). This amount has been deducted from the approved assessment levy.

6. **Related party transactions:**

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

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Member levy collected on behalf of the Business Improvement Area</td>
<td>$249,437</td>
<td>$237,999</td>
</tr>
</tbody>
</table>

The City of Hamilton also contributed $3,867 (2011 - $3,704) to commercial improvement programs undertaken by the Business Improvement Area and $13,365 (2011 - $14,260) from parking revenue sharing program and $3,000 (2011 - $976) in other grants.
7. **Budget data:**

The unaudited budget data presented in these financial statements is based upon the 2012 budget approved by the Board. Amortization was not contemplated on development of the budget and, as such, has not been included.
Financial Statements of

INTERNATIONAL VILLAGE
BUSINESS IMPROVEMENT AREA

Year ended December 31, 2012
INDEPENDENT AUDITORS’ REPORT

To the Chairman and Members of the Board of Management of the International 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 the International Village Business Improvement Area, which comprise the statement of financial position as at December 31, 2012, 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 International Village Business Improvement Area as at December 31, 2012, 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.

Other matters

The financial statements of International Village Business Improvement Area for the year ended December 31, 2011, were audited by another auditor who expressed an unmodified audit opinion on those statements on September 12, 2012.

Chartered Accountants, Licensed Public Accountants

September 11th, 2013
Hamilton, Canada
INTERNATIONAL VILLAGE BUSINESS IMPROVEMENT AREA
Financial Statements

Year ended December 31, 2012

Financial Statements

Statement of Financial Position 1
Statement of Operations 2
Statement of Changes in Net Financial Assets 3
Statement of Cash Flows 4
Notes to Financial Statements 5 - 8
# INTERNATIONAL VILLAGE BUSINESS IMPROVEMENT AREA

## Statement of Financial Position

December 31, 2012, with comparative figures for 2011

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Financial assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash</td>
<td>$136,001</td>
<td>$36,994</td>
</tr>
<tr>
<td>Due from City of Hamilton</td>
<td>-</td>
<td>7,550</td>
</tr>
<tr>
<td></td>
<td>$136,001</td>
<td>44,544</td>
</tr>
<tr>
<td><strong>Financial liabilities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts payable and accrued liabilities</td>
<td>1,897</td>
<td>2,339</td>
</tr>
<tr>
<td>Deferred revenue</td>
<td>70,000</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>71,897</td>
<td>2,339</td>
</tr>
<tr>
<td><strong>Net financial assets</strong></td>
<td>64,104</td>
<td>42,205</td>
</tr>
<tr>
<td><strong>Non-financial assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tangible capital assets (note 2)</td>
<td>8,214</td>
<td>10,811</td>
</tr>
<tr>
<td><strong>Accumulated surplus (note 4)</strong></td>
<td>$72,318</td>
<td>$53,016</td>
</tr>
</tbody>
</table>

See accompanying notes to financial statements.

On behalf of the Board:

__________________________    Director

__________________________    Director
# INTERNATIONAL VILLAGE BUSINESS IMPROVEMENT AREA

## Statement of Operations

Year ended December 31, 2012, with comparative figures for 2011

<table>
<thead>
<tr>
<th></th>
<th>Budget</th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenue:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Assessment levy</td>
<td>$ 140,000</td>
<td>$ 140,112</td>
<td>$ 140,000</td>
</tr>
<tr>
<td>Federal grant</td>
<td>-</td>
<td>4,305</td>
<td>7,243</td>
</tr>
<tr>
<td>City of Hamilton grants</td>
<td>-</td>
<td>15,805</td>
<td>27,280</td>
</tr>
<tr>
<td>Other</td>
<td>-</td>
<td>300</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total revenue</strong></td>
<td>140,000</td>
<td>160,522</td>
<td>174,523</td>
</tr>
</tbody>
</table>

| **Expenses:**          |        |       |       |
| Advertising and promotion | 45,000  | 34,108 | 41,634 |
| Amortization           | -      | 2,597 | 2,747 |
| Audit fees             | 600    | 678   | 678   |
| Bad debts (recovery)   | -      | -     | (112) |
| Commercial improvement | 6,250  | 9,301  | 8,199 |
| Insurance              | 1,600  | 1,678  | 1,592 |
| Interest and bank charges | 450    | 361   | 301   |
| Office                 | 12,700 | 8,351  | 15,069 |
| Parking program expenditures | -      | 14,211 | 11,643 |
| Rent                   | 11,200 | 11,007 | 10,983 |
| Repairs and maintenance| 4,500  | 644   | 4,022 |
| Web fees, interest     | 4,500  | 4,227  | 1,478 |
| Utilities              | -      | -     | 3,150 |
| Beautification and maintenance | 3,200  | 5,335  | 4,400 |
| Wages                  | 50,000 | 48,722 | 48,921 |
| **Total expenses**     | 140,000 | 141,220 | 154,705 |

| **Annual surplus**     | -      | 19,302 | 19,818 |
| **Accumulated surplus, beginning of year** | - | 53,016 | 33,198 |

| **Accumulated surplus, end of year** | $ - | $ 72,318 | $ 53,016 |

See accompanying notes to financial statements.
INTernational Village Business Improvement Area

Statement of Changes in Net Financial Assets

Year ended December 31, 2012, with comparative figures for 2011

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Annual surplus</td>
<td>$ 19,302</td>
<td>$ 19,818</td>
</tr>
<tr>
<td>Amortization of tangible capital assets</td>
<td>2,597</td>
<td>2,747</td>
</tr>
<tr>
<td>Change in net financial assets</td>
<td>21,899</td>
<td>22,565</td>
</tr>
<tr>
<td>Net financial assets, beginning of year</td>
<td>42,205</td>
<td>19,640</td>
</tr>
<tr>
<td>Net financial assets, end of year</td>
<td>$ 64,104</td>
<td>$ 42,205</td>
</tr>
</tbody>
</table>

See accompanying notes to financial statements.
INTERNATIONAL VILLAGE BUSINESS IMPROVEMENT AREA

Statement of Cash Flows

Year ended December 31, 2012, with comparative figures for 2011

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cash provided by (used in):</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operating activities:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Annual surplus</td>
<td>$19,302</td>
<td>$19,818</td>
</tr>
<tr>
<td>Items not involving cash:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Amortization</td>
<td>2,597</td>
<td>2,747</td>
</tr>
<tr>
<td>Change in non-cash assets and liabilities:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts payable and accrued liabilities</td>
<td>(442)</td>
<td>(175)</td>
</tr>
<tr>
<td>Deferred revenue</td>
<td>70,000</td>
<td>(70,000)</td>
</tr>
<tr>
<td>Net change in cash from operating activities</td>
<td>91,457</td>
<td>(47,610)</td>
</tr>
<tr>
<td>Financing activities:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Change in due from City of Hamilton</td>
<td>7,550</td>
<td>(7,550)</td>
</tr>
<tr>
<td>Net increase (decrease) in cash</td>
<td>99,007</td>
<td>(55,160)</td>
</tr>
<tr>
<td>Cash, beginning of year</td>
<td>36,994</td>
<td>92,154</td>
</tr>
<tr>
<td>Cash, end of year</td>
<td>$136,001</td>
<td>$36,994</td>
</tr>
</tbody>
</table>

See accompanying notes to financial statements.
The International 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 municipality owned lands, 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 as recommended by the Public Sector Accounting Board (“PSAB”) of the Canadian Institute of Chartered Accountants. 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) Deferred revenue:

Deferred revenues represent the tax levy bylaw revenue which has been collected, but for which the related services have yet to be performed. These amounts will be recognized as revenues in the fiscal year the services are performed.
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:

<table>
<thead>
<tr>
<th>Asset</th>
<th>Useful life - years</th>
</tr>
</thead>
<tbody>
<tr>
<td>Computers hardware</td>
<td>5</td>
</tr>
<tr>
<td>Decorations</td>
<td>5</td>
</tr>
<tr>
<td>Furniture and equipment</td>
<td>10</td>
</tr>
</tbody>
</table>

(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.
Notes to Financial Statements (continued)

Year ended December 31, 2012

2. Tangible capital assets:

<table>
<thead>
<tr>
<th></th>
<th>Balance at December 31, 2011</th>
<th>Additions</th>
<th>Disposals</th>
<th>Balance at December 31, 2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Computer hardware</td>
<td>$ 2,652</td>
<td>-</td>
<td>-</td>
<td>$ 2,652</td>
</tr>
<tr>
<td>Furniture and equipment</td>
<td>$ 7,187</td>
<td>-</td>
<td>-</td>
<td>$ 7,187</td>
</tr>
<tr>
<td>Decorations</td>
<td>$ 7,489</td>
<td>-</td>
<td>-</td>
<td>$ 7,489</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$ 17,328</strong></td>
<td>-</td>
<td>-</td>
<td><strong>$ 17,328</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Balance at December 31, 2011</th>
<th>Amortization expense</th>
<th>Balance at December 31, 2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Computer hardware</td>
<td>$ 2,272</td>
<td>$ 380</td>
<td>$ 2,652</td>
</tr>
<tr>
<td>Furniture and equipment</td>
<td>$ 2,687</td>
<td>$ 719</td>
<td>$ 3,406</td>
</tr>
<tr>
<td>Decorations</td>
<td>$ 1,558</td>
<td>$ 1,498</td>
<td>$ 3,056</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$ 6,517</strong></td>
<td><strong>$ 2,597</strong></td>
<td><strong>$ 9,114</strong></td>
</tr>
</tbody>
</table>

Net book value December 31, 2011

<table>
<thead>
<tr>
<th></th>
<th>Net book value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Computer hardware</td>
<td>$ 380</td>
</tr>
<tr>
<td>Furniture and equipment</td>
<td>$ 4,500</td>
</tr>
<tr>
<td>Decorations</td>
<td>$ 5,931</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$ 10,811</strong></td>
</tr>
</tbody>
</table>

(a) Contributed tangible capital assets:

The Business Improvement Area received $nil (2011 - $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:

The Business Improvement Area has not recorded write-downs of tangible capital assets during the year.
3. Related party transactions:

During the year, the Organization recorded the following transactions with the City of Hamilton:

Revenue:

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Member levy collected on behalf of the Business Improvement Area</td>
<td>$140,112</td>
<td>$140,000</td>
</tr>
</tbody>
</table>

The City of Hamilton has also contributed $450 (2011 - $8,199) to commercial improvement programs undertaken by the Business Improvement Area, $14,200 (2011 - $18,176) from parking sharing revenue program and $1,155 (2011 - $905) in other grants.

4. Accumulated surplus:

Accumulated surplus consists of the following:

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Surplus:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Invested in tangible capital assets</td>
<td>$8,214</td>
<td>$10,811</td>
</tr>
<tr>
<td>Surplus</td>
<td>64,104</td>
<td>42,205</td>
</tr>
<tr>
<td>Accumulated surplus</td>
<td>$72,318</td>
<td>$53,016</td>
</tr>
</tbody>
</table>

5. Letter of credit:

The Business Improvement Area has a $3,000 revolving demand line of credit. The line of credit bears interest at 8.5%. As at December 31, 2012 the line of credit had a $nil balance.

6. Budget data:

The unaudited budget data presented in these financial statements is based upon the 2012 budget approved by the Board on October 24, 2011. Amortization was not contemplated on development of the budget and, as such, has not been included.

7. Comparative figures:

Certain 2011 comparative figures have been reclassified to conform with the financial statement presentation adopted for the current year.
Financial Statements of

LOCKE STREET BUSINESS
IMPROVEMENT AREA

Year ended December 31, 2012
INDEPENDENT AUDITORS’ REPORT

To the Chairman and Members of the Board of Management of the Locke Street 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 Locke Street Business Improvement Area, which comprise the statement of financial position as at December 31, 2012, 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 Locke Street Business Improvement Area as at December 31, 2012, 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.

Other matters

The financial statements of the Locke Street Business Improvement Area for the year ended December 31, 2011, were audited by another auditor who expressed an unmodified audit opinion on those statements on June 5, 2012.

KPMG LLP

Chartered Accountants, Licensed Public Accountants

September 4th, 2013
Hamilton, Canada
LOCKE STREET BUSINESS IMPROVEMENT AREA
Financial Statements

Year ended December 31, 2012

Financial Statements

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Statement of Changes in Net Financial Assets 3
Statement of Cash Flows 4
Notes to Financial Statements 5 - 6
# LOCKE STREET BUSINESS IMPROVEMENT AREA

## Statement of Financial Position

December 31, 2012, with comparative figures for 2011

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Financial assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash</td>
<td>$8,682</td>
<td>$11,513</td>
</tr>
<tr>
<td>Accounts receivable</td>
<td>1,953</td>
<td>1,644</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>10,635</td>
<td>13,157</td>
</tr>
<tr>
<td><strong>Financial liabilities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts payable and accrued liabilities</td>
<td>50</td>
<td>1,759</td>
</tr>
<tr>
<td>Due to City of Hamilton</td>
<td>-</td>
<td>924</td>
</tr>
<tr>
<td>Deferred revenue</td>
<td>500</td>
<td>2,562</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>550</td>
<td>5,245</td>
</tr>
<tr>
<td><strong>Net financial assets</strong></td>
<td>10,085</td>
<td>7,912</td>
</tr>
<tr>
<td><strong>Non-financial assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Prepaid expenses</td>
<td>742</td>
<td>790</td>
</tr>
<tr>
<td><strong>Accumulated surplus</strong></td>
<td>$10,827</td>
<td>$8,702</td>
</tr>
</tbody>
</table>

See accompanying notes to financial statements.

On behalf of the Board:

_________________________    Director

_________________________    Director
LOCKE STREET BUSINESS IMPROVEMENT AREA

Statement of Operations

Year ended December 31, 2012, with comparative figures for 2011

<table>
<thead>
<tr>
<th></th>
<th>Budget</th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenue</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Assessment levy</td>
<td>$10,250</td>
<td>$10,250</td>
<td>$10,250</td>
</tr>
<tr>
<td>City of Hamilton grants</td>
<td>-</td>
<td>16,997</td>
<td>14,778</td>
</tr>
<tr>
<td>Other</td>
<td>-</td>
<td>113</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total revenue</strong></td>
<td>10,250</td>
<td>27,360</td>
<td>25,028</td>
</tr>
<tr>
<td><strong>Expenses</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Advertising and promotion</td>
<td>6,000</td>
<td>8,866</td>
<td>6,449</td>
</tr>
<tr>
<td>Commercial improvement</td>
<td>-</td>
<td>8,612</td>
<td>12,426</td>
</tr>
<tr>
<td>Donations</td>
<td>-</td>
<td>225</td>
<td>50</td>
</tr>
<tr>
<td>Insurance</td>
<td>2,000</td>
<td>1,828</td>
<td>1,890</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>1,000</td>
<td>394</td>
<td>-</td>
</tr>
<tr>
<td>Office supplies</td>
<td>250</td>
<td>124</td>
<td>84</td>
</tr>
<tr>
<td>Professional fees</td>
<td>500</td>
<td>966</td>
<td>289</td>
</tr>
<tr>
<td>Special events</td>
<td>500</td>
<td>560</td>
<td>450</td>
</tr>
<tr>
<td>Website development</td>
<td>-</td>
<td>3,660</td>
<td>343</td>
</tr>
<tr>
<td><strong>Total expenses</strong></td>
<td>10,250</td>
<td>25,235</td>
<td>21,981</td>
</tr>
<tr>
<td><strong>Annual surplus</strong></td>
<td>-</td>
<td>2,125</td>
<td>3,047</td>
</tr>
<tr>
<td><strong>Accumulated surplus, beginning of year</strong></td>
<td>-</td>
<td>8,702</td>
<td>5,655</td>
</tr>
<tr>
<td><strong>Accumulated surplus, end of year</strong></td>
<td>$</td>
<td>$10,827</td>
<td>$8,702</td>
</tr>
</tbody>
</table>

See accompanying notes to financial statements.
# LOCKE STREET BUSINESS IMPROVEMENT AREA

Statement of Changes in Net Financial Assets

Year ended December 31, 2012, with comparative figures for 2011

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Annual surplus</td>
<td>$2,125</td>
<td>$3,047</td>
</tr>
<tr>
<td>Decrease in prepaid expenses</td>
<td>48</td>
<td>1,350</td>
</tr>
<tr>
<td>Change in net financial assets</td>
<td>2,173</td>
<td>4,397</td>
</tr>
<tr>
<td>Net financial assets, beginning of year</td>
<td>7,912</td>
<td>3,515</td>
</tr>
<tr>
<td>Net financial assets, end of year</td>
<td>$10,085</td>
<td>$7,912</td>
</tr>
</tbody>
</table>

See accompanying notes to financial statements.
LOCKE STREET BUSINESS IMPROVEMENT AREA

Statement of Cash Flows

Year ended December 31, 2012, with comparative figures for 2011

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash provided by (used in):</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operating activities:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Annual surplus</td>
<td>$ 2,125</td>
<td>$ 3,047</td>
</tr>
<tr>
<td>Change in non-cash assets and liabilities:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts receivable</td>
<td>(309)</td>
<td>(1,412)</td>
</tr>
<tr>
<td>Prepaid expenses</td>
<td>48</td>
<td>1,350</td>
</tr>
<tr>
<td>Accounts payable and accrued liabilities</td>
<td>(1,709)</td>
<td>1,540</td>
</tr>
<tr>
<td>Deferred revenue</td>
<td>(2,062)</td>
<td>2,562</td>
</tr>
<tr>
<td>Net change in cash from operating activities</td>
<td>(1,907)</td>
<td>7,087</td>
</tr>
<tr>
<td>Financing activities:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Change in due to City of Hamilton</td>
<td>(924)</td>
<td>664</td>
</tr>
<tr>
<td>Net (decrease) increase in cash</td>
<td>(2,831)</td>
<td>7,751</td>
</tr>
<tr>
<td>Cash, beginning of year</td>
<td>11,513</td>
<td>3,762</td>
</tr>
<tr>
<td>Cash, end of year</td>
<td>$ 8,682</td>
<td>$ 11,513</td>
</tr>
</tbody>
</table>

See accompanying notes to financial statements.
The Locke Street Business Improvement Area ("Business Improvement Area") was established in 2007 by the Council of the City of Hamilton and has been entrusted with the improvement, beautification and maintenance of municipality owned lands, buildings and structures in the improvement area, beyond such expenditures 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 as recommended by the Public Sector Accounting Board ("PSAB") of the Canadian Institute of Chartered Accountants. 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) Deferred revenue:

Deferred revenues represent the tax levy bylaw revenue which has been collected, but for which the related services have yet to be performed. These amounts will be recognized as revenues in the fiscal year the services are performed.

(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.

(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.
LOCKE STREET BUSINESS IMPROVEMENT AREA
Notes to Financial Statements (continued)

Year ended December 31, 2012

2. Related party transactions:
   During the year, the Organization recorded the following transactions with the City of Hamilton:

   Revenue:

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Member levy collected on behalf of the Business Improvement Area</td>
<td>$10,250</td>
<td>$10,250</td>
</tr>
</tbody>
</table>

   The City of Hamilton has also contributed $6,789 (2011 - $6,630) to commercial improvement programs undertaken by the Business Improvement Area and $10,208 (2011 - $8,148) from parking sharing revenue program.

3. Budget data:

   The unaudited budget data presented in these financial statements is based upon the 2012 budget approved by the Board on November 1, 2011. Amortization was not contemplated on development of the budget and, as such, has not been included.

4. Comparative figures:

   Certain 2011 comparative figures have been reclassified to conform with the financial statement presentation adopted for the current year.
Financial Statements of

MAIN STREET WEST
ESPLANADE BUSINESS
IMPROVEMENT AREA

Period ended December 31, 2012
INDEPENDENT AUDITORS’ REPORT

To the Chairman and Members of the Board of Management of the Main Street West Esplanade 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 Main Street West Esplanade Business Improvement Area, which comprise the statement of financial position as at December 31, 2012, the statements of operations, changes in net financial assets and cash flows for the period ended December 31, 2012, 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 Main Street West Esplanade Business Improvement Area as at December 31, 2012, 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 Accountants, Licensed Public Accountants

October 10, 2013
Hamilton, Canada
MAIN STREET WEST ESPLANADE BUSINESS IMPROVEMENT AREA
Financial Statements

Period ended December 31, 2012

Financial Statements

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MAIN STREET WEST ESPLANADE BUSINESS IMPROVEMENT AREA

Statement of Financial Position
December 31, 2012

Financial assets
<table>
<thead>
<tr>
<th></th>
<th>$</th>
<th>12,881</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Due from City of Hamilton</td>
<td></td>
<td>908</td>
</tr>
<tr>
<td></td>
<td></td>
<td>13,789</td>
</tr>
</tbody>
</table>

Financial liabilities
<table>
<thead>
<tr>
<th></th>
<th></th>
<th>2,000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accounts payable and accrued liabilities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Deferred revenue</td>
<td>1,195</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>3,195</td>
</tr>
</tbody>
</table>

Net financial assets
<table>
<thead>
<tr>
<th></th>
<th></th>
<th>10,594</th>
</tr>
</thead>
<tbody>
<tr>
<td>Non-financial assets</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Prepaid expenses
|                        |      | 765   |

Accumulated surplus
<table>
<thead>
<tr>
<th></th>
<th>$</th>
<th>11,359</th>
</tr>
</thead>
</table>

See accompanying notes to financial statements.

On behalf of the Board:

__________________________  Director

__________________________  Director
### MAIN STREET WEST ESPLANADE BUSINESS IMPROVEMENT AREA

**Statement of Operations**  
Period ended December 31, 2012

<table>
<thead>
<tr>
<th></th>
<th>Budget</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(Unaudited – note 3)</td>
<td></td>
</tr>
<tr>
<td><strong>Revenue:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Government grants</td>
<td>$ -</td>
<td>$ 961</td>
</tr>
<tr>
<td>Assessment levy</td>
<td>7,800</td>
<td>7,748</td>
</tr>
<tr>
<td><strong>Total revenue</strong></td>
<td>7,800</td>
<td>8,709</td>
</tr>
<tr>
<td><strong>Expenses:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Advertising and promotion</td>
<td>2,000</td>
<td>-</td>
</tr>
<tr>
<td>Banners</td>
<td>3,000</td>
<td>-</td>
</tr>
<tr>
<td>Office supplies</td>
<td>2,233</td>
<td>-</td>
</tr>
<tr>
<td>B.I.A Awards</td>
<td>750</td>
<td>-</td>
</tr>
<tr>
<td>Holiday decor</td>
<td>1,500</td>
<td>-</td>
</tr>
<tr>
<td>Planning and consulting</td>
<td>2,000</td>
<td>-</td>
</tr>
<tr>
<td>Reserve fund</td>
<td>2,000</td>
<td>-</td>
</tr>
<tr>
<td>Beautification</td>
<td>3,000</td>
<td>4,153</td>
</tr>
<tr>
<td>Insurance</td>
<td>1,000</td>
<td>1,071</td>
</tr>
<tr>
<td>Professional fees</td>
<td>-</td>
<td>2,000</td>
</tr>
<tr>
<td>Other</td>
<td>-</td>
<td>5</td>
</tr>
<tr>
<td>Interest and bank charges</td>
<td>-</td>
<td>126</td>
</tr>
<tr>
<td><strong>Total expenses</strong></td>
<td>17,483</td>
<td>7,355</td>
</tr>
<tr>
<td><strong>Annual surplus (deficit)</strong></td>
<td>(9,683)</td>
<td>1,354</td>
</tr>
<tr>
<td>Accumulated surplus, beginning of period</td>
<td>-</td>
<td>10,005</td>
</tr>
<tr>
<td><strong>Accumulated surplus, end of period</strong></td>
<td>$ (9,683)</td>
<td>$ 11,359</td>
</tr>
</tbody>
</table>

See accompanying notes to financial statements.
# Statement of Changes in Net Financial Assets

Period ended December 31, 2012

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Annual surplus</td>
<td>$1,354</td>
</tr>
<tr>
<td>Increase in prepaid expenses</td>
<td>$(765)</td>
</tr>
<tr>
<td>Change in net financial assets</td>
<td>589</td>
</tr>
<tr>
<td>Net financial assets, beginning of period</td>
<td>10,005</td>
</tr>
<tr>
<td>Net financial assets, end of period</td>
<td>$10,594</td>
</tr>
</tbody>
</table>

See accompanying notes to financial statements.
# MAIN STREET WEST ESPLANADE BUSINESS IMPROVEMENT AREA

**Statement of Cash Flows**  
Year ended December 31, 2012

Cash provided by (used in):

<table>
<thead>
<tr>
<th>Operating activities:</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Annual surplus</td>
<td>$1,354</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Change in non-cash assets and liabilities:</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Prepaid expenses</td>
<td>(765)</td>
</tr>
<tr>
<td>Accounts payable and accrued liabilities</td>
<td>2,000</td>
</tr>
<tr>
<td>Deferred revenue</td>
<td>1,195</td>
</tr>
<tr>
<td>Due to City of Hamilton</td>
<td>(1,508)</td>
</tr>
</tbody>
</table>

Net change in cash from operating activities

| Net change in cash from operating activities | 922   |

Net increase in cash

| Net increase in cash | 2,276 |

Cash, beginning of period

| Cash, beginning of period | 10,605 |

Cash, end of period

| Cash, end of period | $12,881 |

See accompanying notes to financial statements.
Main Street West Esplanade Business Improvement Area (the "Business Improvement Area") was established in 1982 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 the area for business and shopping. The Business Improvement Area is financed by a special levy charged upon businesses in the area.

The Business Improvement Area was inactive from January 1, 2010 until July 12, 2012. During this time period the City of Hamilton held all assets of the Business Improvement Area in trust. On July 12, 2012 the assets were returned to the Business Improvement Area when it recommenced normal business operations.

1. Significant accounting policies:

The financial statements of the Business Improvement Area are prepared by management in accordance with Canadian public sector accounting standards as recommended by the Public Sector Accounting Board ("PSAB") of the Canadian Institute of Chartered Accountants. 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/or 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 grant. Transfers are recognized in the financial statements as revenues in the period in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amounts can be made.

(d) Deferred revenue:

Deferred revenues represent the tax bylaw revenue which has been collected, but for which the related services have yet to be performed. These amounts will be recognized as revenues in the fiscal year the services are performed.
1. Significant accounting policies (continued):

   (e) 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.

   (f) 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. Related party transactions:

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

   Revenue:
   Member levy collected on behalf of the Business
   Improvement Area $  7,748

3. Budget data:

   The unaudited budget data presented in these financial statements is based upon the 2012 budget
   approved by the Board.
Financial Statements of

OTTAWA STREET
BUSINESS IMPROVEMENT AREA

Year ended December 31, 2012
INDEPENDENT AUDITORS’ REPORT

To the Chairman and Members of the Board of Management of Ottawa Street 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 Ottawa Street Business Improvement Area, which comprise the statement of financial position as at December 31, 2012, the statements of operations, changes in net financial assets (debt) 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 Ottawa Street Business Improvement Area as at December 31, 2012, and its results of operations and its changes in net financial assets (debt) and cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Other matters

The financial statements of Ottawa Street Business Improvement Area for the year ended December 31, 2011, were audited by another auditor who expressed an unmodified audit opinion on those statements on June 14, 2012.

KPMG LLP

Chartered Accountants, Licensed Public Accountants

October 10, 2013
Hamilton, Canada
OTTAWA STREET BUSINESS IMPROVEMENT AREA
Financial Statements

Year ended December 31, 2012

Financial Statements

Statement of Financial Position 1
Statement of Operations 2
Statement of Changes in Net Financial Assets (Debt) 3
Statement of Cash Flows 4
Notes to Financial Statements 5 - 9
OTTAWA STREET BUSINESS IMPROVEMENT AREA

Statement of Financial Position

December 31, 2012, with comparative figures for 2011

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Financial assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash</td>
<td>$3,180</td>
<td>$48,504</td>
</tr>
<tr>
<td>Due from City of Hamilton</td>
<td>-</td>
<td>912</td>
</tr>
<tr>
<td>Accounts receivable</td>
<td>19,641</td>
<td>20,395</td>
</tr>
<tr>
<td><strong>Total financial assets</strong></td>
<td><strong>22,821</strong></td>
<td><strong>69,811</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Financial liabilities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts payable and accrued liabilities</td>
<td>12,255</td>
<td>356</td>
</tr>
<tr>
<td>Due to City of Hamilton</td>
<td>14,662</td>
<td>-</td>
</tr>
<tr>
<td>Deferred revenue</td>
<td>-</td>
<td>66,125</td>
</tr>
<tr>
<td><strong>Total financial liabilities</strong></td>
<td><strong>26,917</strong></td>
<td><strong>66,481</strong></td>
</tr>
</tbody>
</table>

|                        |            |            |
| **Net financial assets (debt)** | **(4,096)** | **3,330** |

|                        |            |            |
| **Non-financial assets** |          |            |
| Tangible capital assets (note 2) | 4,146     | 5,537      |
| Prepaid expenses         | 1,643      | 1,949      |
| **Accumulated surplus (note 4)** | **$1,693** | **$10,816** |

Commitment (note 5)

See accompanying notes to financial statements.

On behalf of the Board:

_________________________  Director

_________________________  Director
## OTTAWA STREET BUSINESS IMPROVEMENT AREA

### Statement of Operations

Year ended December 31, 2012, with comparative figures for 2011

<table>
<thead>
<tr>
<th></th>
<th>Budget</th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenue:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Assessment levy</td>
<td>$132,250</td>
<td>$134,982</td>
<td>$132,250</td>
</tr>
<tr>
<td>City of Hamilton grant</td>
<td>-</td>
<td>38,064</td>
<td>36,807</td>
</tr>
<tr>
<td>Farmer's market</td>
<td>-</td>
<td>25,395</td>
<td>25,422</td>
</tr>
<tr>
<td>Other income</td>
<td>-</td>
<td>29,726</td>
<td>4,867</td>
</tr>
<tr>
<td><strong>Total revenue</strong></td>
<td>132,250</td>
<td>228,167</td>
<td>199,346</td>
</tr>
<tr>
<td><strong>Expenses:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Advertising and promotion</td>
<td>36,500</td>
<td>49,647</td>
<td>47,828</td>
</tr>
<tr>
<td>Administrative services</td>
<td>48,500</td>
<td>92,246</td>
<td>105,433</td>
</tr>
<tr>
<td>Amortization</td>
<td>-</td>
<td>1,636</td>
<td>1,625</td>
</tr>
<tr>
<td>Audit fees</td>
<td>-</td>
<td>-</td>
<td>467</td>
</tr>
<tr>
<td>Bad debts</td>
<td>1,000</td>
<td>17,647</td>
<td>-</td>
</tr>
<tr>
<td>Beautification</td>
<td>6,000</td>
<td>18,919</td>
<td>8,982</td>
</tr>
<tr>
<td>Insurance</td>
<td>3,500</td>
<td>1,050</td>
<td>2,695</td>
</tr>
<tr>
<td>Office</td>
<td>750</td>
<td>1,111</td>
<td>10,231</td>
</tr>
<tr>
<td>Project costs</td>
<td>23,000</td>
<td>30,177</td>
<td>21,055</td>
</tr>
<tr>
<td>Rent</td>
<td>13,000</td>
<td>24,857</td>
<td>3,769</td>
</tr>
<tr>
<td><strong>Total expenses</strong></td>
<td>132,250</td>
<td>237,290</td>
<td>202,085</td>
</tr>
<tr>
<td><strong>Annual deficit</strong></td>
<td>-</td>
<td>(9,123)</td>
<td>(2,739)</td>
</tr>
<tr>
<td><strong>Accumulated surplus, beginning of year</strong></td>
<td>10,816</td>
<td>10,816</td>
<td>13,555</td>
</tr>
<tr>
<td><strong>Accumulated surplus, end of year</strong></td>
<td>$10,816</td>
<td>$1,693</td>
<td>$10,816</td>
</tr>
</tbody>
</table>

See accompanying notes to financial statements.
## OTTAWA STREET BUSINESS IMPROVEMENT AREA

Statement of Changes in Net Financial Assets (Debt)

Year ended December 31, 2012, with comparative figures for 2011

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Annual deficit</td>
<td>(9,123)</td>
<td>(2,739)</td>
</tr>
<tr>
<td>Acquisition of tangible capital assets</td>
<td>(245)</td>
<td>(1,366)</td>
</tr>
<tr>
<td>Amortization of tangible capital assets</td>
<td>1,636</td>
<td>1,625</td>
</tr>
<tr>
<td>Decrease in prepaid expenses</td>
<td>306</td>
<td>96</td>
</tr>
<tr>
<td>Change in net financial assets (debt)</td>
<td>(7,426)</td>
<td>(2,384)</td>
</tr>
<tr>
<td>Net financial assets, beginning of year</td>
<td>3,330</td>
<td>5,714</td>
</tr>
<tr>
<td>Net financial assets (debt), end of year</td>
<td>$ (4,096)</td>
<td>$ 3,330</td>
</tr>
</tbody>
</table>

See accompanying notes to financial statements.
OTTAWA STREET BUSINESS IMPROVEMENT AREA

Statement of Cash Flows

Year ended December 31, 2012, with comparative figures for 2011

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash provided by (used in):</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operating activities:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Annual deficit</td>
<td>$(9,123)</td>
<td>$(2,739)</td>
</tr>
<tr>
<td>Items not involving cash:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Amortization</td>
<td>1,636</td>
<td>1,625</td>
</tr>
<tr>
<td>Changes in non-cash assets and liabilities:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts receivable</td>
<td>754</td>
<td>(10,214)</td>
</tr>
<tr>
<td>Prepaid expenses</td>
<td>306</td>
<td>96</td>
</tr>
<tr>
<td>Accounts payable and accrued liabilities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Deferred revenue</td>
<td>(66,125)</td>
<td>(904)</td>
</tr>
<tr>
<td>Net change in cash from operating activities</td>
<td>$(60,653)</td>
<td>$(15,437)</td>
</tr>
<tr>
<td>Capital activities:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash used to acquire tangible capital assets</td>
<td>(245)</td>
<td>(1,366)</td>
</tr>
<tr>
<td>Financing activities:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(Repayment of) advances from City of Hamilton</td>
<td>15,574</td>
<td>(4,372)</td>
</tr>
<tr>
<td>Net decrease in cash</td>
<td>$(45,324)</td>
<td>$(21,175)</td>
</tr>
<tr>
<td>Cash, beginning of year</td>
<td>48,504</td>
<td>69,679</td>
</tr>
<tr>
<td>Cash, end of year</td>
<td>$ 3,180</td>
<td>$ 48,504</td>
</tr>
</tbody>
</table>

See accompanying notes to financial statements.
The Ottawa Street Business Improvement Area ("Business Improvement Area") was established in 1985 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 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 as recommended by the Public Sector Accounting Board ("PSAB") of the Canadian Institute of Chartered Accountants. 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) Deferred revenue:

   Deferred revenues represent the tax levy bylaw revenue which has been collected, but for which the related services have yet to be performed. These amounts will be recognized as revenues in the fiscal year the services are performed.
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:

<table>
<thead>
<tr>
<th>Asset</th>
<th>Useful life - years</th>
</tr>
</thead>
<tbody>
<tr>
<td>Computers</td>
<td>5</td>
</tr>
<tr>
<td>Decorations</td>
<td>5</td>
</tr>
<tr>
<td>Leasehold improvements</td>
<td>10</td>
</tr>
</tbody>
</table>

(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:

<table>
<thead>
<tr>
<th></th>
<th>Balance at December 31, 2011</th>
<th>Balance at December 31, 2012</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Cost</td>
<td>Additions</td>
</tr>
<tr>
<td>Computers</td>
<td>$303</td>
<td>$303</td>
</tr>
<tr>
<td>Leasehold improvements</td>
<td>1,366</td>
<td>245</td>
</tr>
<tr>
<td>Decorations</td>
<td>7,128</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$8,797</strong></td>
<td><strong>245</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Accumulated amortization</th>
<th>Amortization expense</th>
<th>Balance at December 31, 2012</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Balance at December 31, 2011</td>
<td>Disposals</td>
<td>expense</td>
</tr>
<tr>
<td>Computers</td>
<td>$152</td>
<td>$61</td>
<td>213</td>
</tr>
<tr>
<td>Leasehold improvements</td>
<td>139</td>
<td>149</td>
<td>288</td>
</tr>
<tr>
<td>Decorations</td>
<td>2,969</td>
<td>1,426</td>
<td>4,395</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$3,260</strong></td>
<td><strong>1,636</strong></td>
<td><strong>4,896</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Net book value December 31</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2011</td>
</tr>
<tr>
<td>Computers</td>
<td>$151</td>
</tr>
<tr>
<td>Leasehold improvements</td>
<td>1,227</td>
</tr>
<tr>
<td>Decorations</td>
<td>4,159</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$5,537</strong></td>
</tr>
</tbody>
</table>

(a) Contributed tangible capital assets:

The Business Improvement Area received $nil (2011 - $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:

The Business Improvement Area has not recorded write-downs of tangible capital assets during the year.
3. Related party transactions:

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

Revenue:

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Member levy collected on behalf of the Business Improvement Area</td>
<td>$134,982</td>
<td>$132,250</td>
</tr>
</tbody>
</table>

The City of Hamilton has also contributed $13,873 (2011 - $14,345) to commercial improvement programs undertaken by the Business Improvement Area, $22,983 (2011 - $22,462) from parking sharing revenue program and $1,208 (2011 - $10,000) in other grants.

4. Accumulated surplus:

Accumulated surplus (deficit) consists of the following:

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Surplus (deficit):</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Invested in tangible capital assets</td>
<td>$4,146</td>
<td>$5,537</td>
</tr>
<tr>
<td>Operating surplus (deficit)</td>
<td>(2,453)</td>
<td>5,279</td>
</tr>
<tr>
<td>Accumulated surplus</td>
<td>$1,693</td>
<td>$10,816</td>
</tr>
</tbody>
</table>

5. Commitment:

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

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>$6,513</td>
</tr>
</tbody>
</table>

6. Budget data:

The unaudited budget data presented in these financial statements is based upon the 2012 budget approved by the Board on October 13, 2011. Amortization was not contemplated on development of the budget and, as such, has not been included.
7. **Comparative figures:**

   Certain 2011 comparative figures have been reclassified to conform with the financial statement presentation adopted for the current year.
Financial Statements of

STONEY CREEK BUSINESS IMPROVEMENT AREA

Year ended December 31, 2012
INDEPENDENT AUDITORS’ REPORT

To the Chairman and Members of the Board of Management of the Stoney Creek 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 Stoney Creek Business Improvement Area, which comprise the statement of financial position as at December 31, 2012, 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 Stoney Creek Business Improvement Area as at December 31, 2012, 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.

Other matters

The financial statements of the Stoney Creek Business Improvement Area for the year ended December 31, 2011, were audited by another auditor who expressed an unmodified audit opinion on those statements on May 23, 2012.

Chartered Accountants, Licensed Public Accountants

September 24, 2013
Hamilton, Canada
## STONEY CREEK BUSINESS IMPROVEMENT AREA

Financial Statements

Year ended December 31, 2012

<table>
<thead>
<tr>
<th>Financial Statements</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Statement of Financial Position</td>
<td>1</td>
</tr>
<tr>
<td>Statement of Operations</td>
<td>2</td>
</tr>
<tr>
<td>Statement of Changes in Net Financial Assets</td>
<td>3</td>
</tr>
<tr>
<td>Statement of Cash Flows</td>
<td>4</td>
</tr>
<tr>
<td>Notes to Financial Statements</td>
<td>5 - 8</td>
</tr>
</tbody>
</table>
STONEY CREEK BUSINESS IMPROVEMENT AREA  
Statement of Financial Position  

December 31, 2012, with comparative figures for 2011

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Financial assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash</td>
<td>$12,649</td>
<td>$11,456</td>
</tr>
<tr>
<td>Accounts receivable</td>
<td>1,052</td>
<td>-</td>
</tr>
<tr>
<td>Due from the City of Hamilton</td>
<td>-</td>
<td>1,840</td>
</tr>
<tr>
<td></td>
<td>13,701</td>
<td>13,296</td>
</tr>
<tr>
<td><strong>Financial liabilities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts payable and accrued liabilities</td>
<td>-</td>
<td>25</td>
</tr>
<tr>
<td></td>
<td>13,701</td>
<td>13,271</td>
</tr>
<tr>
<td><strong>Net financial assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>13,701</td>
<td>13,271</td>
</tr>
<tr>
<td><strong>Non-financial assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tangible capital assets (note 2)</td>
<td>4,815</td>
<td>7,681</td>
</tr>
<tr>
<td>Prepaid expenses</td>
<td>624</td>
<td>592</td>
</tr>
<tr>
<td></td>
<td>5,439</td>
<td>8,273</td>
</tr>
<tr>
<td><strong>Accumulated surplus (note 4)</strong></td>
<td>$19,140</td>
<td>$21,544</td>
</tr>
</tbody>
</table>

See accompanying notes to financial statements.

On behalf of the Board:

_____________________________     Director

_____________________________     Director
STONEY CREEK BUSINESS IMPROVEMENT AREA

Statement of Operations

Year ended December 31, 2012, with comparative figures for 2011

<table>
<thead>
<tr>
<th></th>
<th>Budget</th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Assessment levy</td>
<td>$26,400</td>
<td>$13,718</td>
<td>$14,958</td>
</tr>
<tr>
<td>City of Hamilton grants</td>
<td>-</td>
<td>859</td>
<td>7,478</td>
</tr>
<tr>
<td>Total revenue</td>
<td>26,400</td>
<td>14,577</td>
<td>22,436</td>
</tr>
<tr>
<td>(Unaudited – note 5)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Expenses:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Administration</td>
<td>2,000</td>
<td>1,920</td>
<td>1,950</td>
</tr>
<tr>
<td>Advertising and promotion</td>
<td>6,500</td>
<td>764</td>
<td>1,340</td>
</tr>
<tr>
<td>Amortization</td>
<td>-</td>
<td>2,866</td>
<td>2,866</td>
</tr>
<tr>
<td>Audit fees</td>
<td>-</td>
<td>474</td>
<td>1,075</td>
</tr>
<tr>
<td>Bad debts</td>
<td>-</td>
<td>-</td>
<td>98</td>
</tr>
<tr>
<td>Bank charges and interest</td>
<td>14,000</td>
<td>10</td>
<td>30</td>
</tr>
<tr>
<td>Beautification</td>
<td>-</td>
<td>3,363</td>
<td>2,412</td>
</tr>
<tr>
<td>Commercial improvement</td>
<td>-</td>
<td>2,034</td>
<td>2,314</td>
</tr>
<tr>
<td>Christmas decorations and Santa Claus parade</td>
<td>500</td>
<td>3,523</td>
<td>3,187</td>
</tr>
<tr>
<td>Insurance</td>
<td>1,400</td>
<td>1,466</td>
<td>1,411</td>
</tr>
<tr>
<td>Office supplies</td>
<td>-</td>
<td>225</td>
<td>720</td>
</tr>
<tr>
<td>Special events</td>
<td>2,000</td>
<td>336</td>
<td>1,000</td>
</tr>
<tr>
<td>Total expenses</td>
<td>26,400</td>
<td>16,981</td>
<td>18,403</td>
</tr>
<tr>
<td>Annual surplus (deficit)</td>
<td>-</td>
<td>(2,404)</td>
<td>4,033</td>
</tr>
<tr>
<td>Accumulated surplus, beginning of year</td>
<td>21,544</td>
<td>17,511</td>
<td></td>
</tr>
<tr>
<td>Accumulated surplus, end of year</td>
<td>$19,140</td>
<td>$21,544</td>
<td></td>
</tr>
</tbody>
</table>

See accompanying notes to financial statements.
STONEY CREEK BUSINESS IMPROVEMENT AREA

Statement of Changes in Net Financial Assets

Year ended December 31, 2012, with comparative figures for 2011

<table>
<thead>
<tr>
<th>Item</th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Annual surplus (deficit)</td>
<td>$ (2,404)</td>
<td>$ 4,033</td>
</tr>
<tr>
<td>Amortization of tangible capital assets</td>
<td>2,866</td>
<td>2,866</td>
</tr>
<tr>
<td>Increase in prepaid expenses</td>
<td>(32)</td>
<td>(28)</td>
</tr>
<tr>
<td>Change in net financial assets</td>
<td>430</td>
<td>6,871</td>
</tr>
<tr>
<td>Net financial assets, beginning of year</td>
<td>13,271</td>
<td>6,400</td>
</tr>
<tr>
<td>Net financial assets, end of year</td>
<td>$ 13,701</td>
<td>$ 13,271</td>
</tr>
</tbody>
</table>

See accompanying notes to financial statements.
STONEY CREEK BUSINESS IMPROVEMENT AREA

Statement of Cash Flows

Year ended December 31, 2012, with comparative figures for 2011

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash provided by (used in):</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Operating Activities:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Annual surplus (deficit)</td>
<td>$(2,404)</td>
<td>$ 4,033</td>
</tr>
<tr>
<td>Amortization</td>
<td>2,866</td>
<td>2,866</td>
</tr>
<tr>
<td>Change in non-cash assets and liabilities:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts receivable</td>
<td>(1,052)</td>
<td>-</td>
</tr>
<tr>
<td>Prepaid expenses</td>
<td>(32)</td>
<td>(28)</td>
</tr>
<tr>
<td>Accounts payable and accrued liabilities</td>
<td>(25)</td>
<td>(1,175)</td>
</tr>
<tr>
<td><strong>Net change in cash from operating activities</strong></td>
<td>$(647)</td>
<td>5,696</td>
</tr>
<tr>
<td><strong>Financing activities:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Change in due from City of Hamilton</td>
<td>1,840</td>
<td>(1,840)</td>
</tr>
<tr>
<td><strong>Net increase in cash</strong></td>
<td>1,193</td>
<td>3,856</td>
</tr>
<tr>
<td><strong>Cash, beginning of year</strong></td>
<td>11,456</td>
<td>7,600</td>
</tr>
<tr>
<td><strong>Cash, end of year</strong></td>
<td>$ 12,649</td>
<td>$ 11,456</td>
</tr>
</tbody>
</table>

See accompanying notes to financial statements.
The Stoney Creek Business Improvement Area ("the Business Improvement Area") was established in 1978 by the council of the former City of Stoney Creek 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 as recommended by the Public Sector Accounting Board ("PSAB") of the Canadian Institute of Chartered Accountants. 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 grant. Transfers are recognized in the financial statements as revenues in the period in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amounts can be made.
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:

<table>
<thead>
<tr>
<th>Asset</th>
<th>Useful life - years</th>
</tr>
</thead>
<tbody>
<tr>
<td>Decorations/banners</td>
<td>5</td>
</tr>
</tbody>
</table>

   (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:

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Decorations</td>
<td>$ 14,329</td>
<td>-</td>
<td>-</td>
<td>$ 14,329</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Decorations</td>
<td>$ 6,648</td>
<td>-</td>
<td>$ 9,514</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Decorations</td>
<td>$ 4,815</td>
<td>$ 7,681</td>
</tr>
</tbody>
</table>

(a) Contributed tangible capital assets:

The Business Improvement Area received $nil (2011 - $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:

The Business Improvement Area has not recorded write-downs of tangible capital assets during the year.
3. Related party transactions:

During the year, the Organization recorded the following transactions with the City of Hamilton:

Revenue:

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Member levy collected on behalf of the Business Improvement Area</td>
<td>$13,718</td>
<td>$14,958</td>
</tr>
</tbody>
</table>

The City of Hamilton has also contributed $859 (2011 - $2,314) to commercial improvement programs undertaken by the Business Improvement Area, $nil (2011 - $3,522) from the parking sharing revenue program and $nil (2011 $971) in other grants.

4. Accumulated surplus:

Accumulated surplus consists of the following:

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Surplus:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Invested in tangible capital assets</td>
<td>$4,815</td>
<td>$7,681</td>
</tr>
<tr>
<td>Operating surplus</td>
<td>14,325</td>
<td>13,863</td>
</tr>
<tr>
<td>Accumulated surplus</td>
<td>$19,140</td>
<td>$21,544</td>
</tr>
</tbody>
</table>

5. Budget data:

The unaudited budget data presented in these financial statements is based upon the 2012 budget approved by the Board on November 23, 2011. Amortization was not contemplated on development of the budget and, as such, has not been included.
Financial Statements of

WATERDOWN BUSINESS IMPROVEMENT AREA

Year ended December 31, 2012
INDEPENDENT AUDITORS' REPORT

To the Chairman and Members of the Board of Management of the Waterdown 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 Waterdown Business Improvement Area, which comprise the statement of financial position as at December 31, 2012, 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 Waterdown Business Improvement Area as at December 31, 2012, 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.

Other matters

The financial statements of the Waterdown Business Improvement Area for the year ended December 31, 2011, were audited by another auditor who expressed an unmodified audit opinion on those statements on June 19, 2012.

KPMG LLP

Chartered Accountants, Licensed Public Accountants

September 17, 2013
Hamilton, Canada
WATERDOWN BUSINESS IMPROVEMENT AREA

Financial Statements

Year ended December 31, 2012

Financial Statements

Statement of Financial Position 1
Statement of Operations 2
Statement of Changes in Net Financial Assets 3
Statement of Cash Flows 4
Notes to Financial Statements 5 - 8
# WATERDOWN BUSINESS IMPROVEMENT AREA

## Statement of Financial Position

December 31, 2012, with comparative figures for 2011

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Financial assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash</td>
<td>$ 7,355</td>
<td>$ 32,601</td>
</tr>
<tr>
<td>Due from City of Hamilton</td>
<td>-</td>
<td>3,516</td>
</tr>
<tr>
<td>Accounts receivable</td>
<td>30,679</td>
<td>17,172</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>38,034</td>
<td>53,289</td>
</tr>
<tr>
<td><strong>Financial liabilities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts payable and accrued liabilities</td>
<td>450</td>
<td>490</td>
</tr>
<tr>
<td><strong>Net financial assets</strong></td>
<td>37,584</td>
<td>52,799</td>
</tr>
<tr>
<td><strong>Non-financial assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tangible capital assets (note 2)</td>
<td>30,054</td>
<td>21,955</td>
</tr>
<tr>
<td>Prepaid expenses</td>
<td>2,230</td>
<td>1,949</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>32,284</td>
<td>23,904</td>
</tr>
<tr>
<td><strong>Accumulated surplus (note 4)</strong></td>
<td>$ 69,868</td>
<td>$ 76,703</td>
</tr>
</tbody>
</table>

See accompanying notes to financial statements.

On behalf of the Board:

__________________________  Director

__________________________  Director
## WATERDOWN BUSINESS IMPROVEMENT AREA

### Statement of Operations

Year ended December 31, 2012, with comparative figures for 2011

<table>
<thead>
<tr>
<th></th>
<th>Budget</th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenue:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Assessment levy</td>
<td>$102,668</td>
<td>$101,966</td>
<td>$102,000</td>
</tr>
<tr>
<td>City of Hamilton grants</td>
<td>-</td>
<td>3,550</td>
<td>2,747</td>
</tr>
<tr>
<td>Other income</td>
<td>-</td>
<td>8,368</td>
<td>1,165</td>
</tr>
<tr>
<td>Parking revenue sharing program</td>
<td>-</td>
<td>4,299</td>
<td>3,549</td>
</tr>
<tr>
<td><strong>Total revenue</strong></td>
<td>102,668</td>
<td>118,183</td>
<td>109,461</td>
</tr>
</tbody>
</table>

| **Expenses:**        |        |        |        |
| Advertising and promotion | 14,500 | 10,824 | 9,244  |
| Amortization         | -     | 2,985  | 1,728  |
| Bad debts            | -     | 142    | 34     |
| Christmas tree of hope | 2,000 | 5,747  | 4,014  |
| Commercial improvement | -   | -      | 2,747  |
| Festival and parades | 18,500 | 25,869 | 4,453  |
| Insurance            | 2,700 | 2,395  | 2,624  |
| Management contracts and salaries | 16,800 | 12,000 | 11,270 |
| Memberships, conferences, and seminars | 815   | 981    | 1,875  |
| Office and general expenses | 7,403 | 7,746  | 8,149  |
| Professional fees    | 1,250 | 1,130  | 1,210  |
| Streetscaping and decorations | 38,700 | 55,199 | 26,853 |
| **Total expenses**   | 102,668 | 125,018 | 74,201 |

### Annual (deficit) surplus

- (6,835)  
35,260

### Accumulated surplus, beginning of year

- 76,703  
41,443

### Accumulated surplus, end of year

<table>
<thead>
<tr>
<th></th>
<th>$</th>
<th>$</th>
<th>$</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>-</td>
<td>69,868</td>
<td>76,703</td>
</tr>
</tbody>
</table>

See accompanying notes to financial statements.
WATERDOWN BUSINESS IMPROVEMENT AREA
Statement of Changes in Net Financial Assets

Year ended December 31, 2012, with comparative figures for 2011

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Annual surplus (deficit)</td>
<td>$ (6,835)</td>
<td>$ 35,260</td>
</tr>
<tr>
<td>Acquisition of tangible capital assets</td>
<td>(11,084)</td>
<td>(14,050)</td>
</tr>
<tr>
<td>Amortization of tangible capital assets</td>
<td>2,985</td>
<td>1,728</td>
</tr>
<tr>
<td>(Increase) decrease in prepaid expenses</td>
<td>(281)</td>
<td>6,025</td>
</tr>
<tr>
<td>Change in net financial assets</td>
<td>(15,215)</td>
<td>28,963</td>
</tr>
</tbody>
</table>

Net financial assets, beginning of year

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>52,799</td>
<td>23,836</td>
</tr>
</tbody>
</table>

Net financial assets, end of year

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$ 37,584</td>
<td>$ 52,799</td>
</tr>
</tbody>
</table>

See accompanying notes to financial statements.
WATERDOWN BUSINESS IMPROVEMENT AREA
Statement of Cash Flows

Year ended December 31, 2012, with comparative figures for 2011

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cash provided by (used in):</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operating activities:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Annual surplus</td>
<td>$ (6,835)</td>
<td>$ 35,260</td>
</tr>
<tr>
<td>Items not involving cash:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Amortization</td>
<td>2,985</td>
<td>1,728</td>
</tr>
<tr>
<td>Changes in non-cash assets and liabilities:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts receivable</td>
<td>(13,507)</td>
<td>(4,732)</td>
</tr>
<tr>
<td>Prepaid expenses</td>
<td>(281)</td>
<td>6,025</td>
</tr>
<tr>
<td>Accounts payable and accrued liabilities</td>
<td>(40)</td>
<td>(7,636)</td>
</tr>
<tr>
<td>Net change in cash from operating activities</td>
<td>(17,678)</td>
<td>30,645</td>
</tr>
<tr>
<td>Capital activities</td>
<td>(11,084)</td>
<td>(14,050)</td>
</tr>
<tr>
<td>Cash used to acquire tangible capital assets</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Financing activities:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Change in due from City of Hamilton</td>
<td>3,516</td>
<td>(1,787)</td>
</tr>
<tr>
<td>Net (decrease) increase in cash</td>
<td>(25,246)</td>
<td>14,808</td>
</tr>
<tr>
<td>Cash, beginning of year</td>
<td>32,601</td>
<td>17,793</td>
</tr>
<tr>
<td>Cash, end of year</td>
<td>$ 7,355</td>
<td>$ 32,601</td>
</tr>
</tbody>
</table>

See accompanying notes to financial statements.
WATERDOWN BUSINESS IMPROVEMENT AREA
Notes to Financial Statements

Year ended December 31, 2012

The Waterdown Business Improvement Area ("Business Improvement Area") was established in 1985 by the Council of the former Town of Flamborough and has been entrusted with the improvement, beautification and maintenance of the 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 as recommended by the Public Sector Accounting Board ("PSAB") of the Canadian Institute of Chartered Accountants. 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) Deferred revenue:

Deferred revenues represent the tax levy bylaw revenue which has been collected, but for which the related services have yet to be performed. These amounts will be recognized as revenues in the fiscal year the services are performed.
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:

<table>
<thead>
<tr>
<th>Asset</th>
<th>Useful life - years</th>
</tr>
</thead>
<tbody>
<tr>
<td>Furniture and equipment</td>
<td>10</td>
</tr>
</tbody>
</table>

   (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:

<table>
<thead>
<tr>
<th></th>
<th>Balance at December 31, 2011</th>
<th>Additions</th>
<th>Disposals</th>
<th>Balance at December 31</th>
</tr>
</thead>
<tbody>
<tr>
<td>Furniture and equipment</td>
<td>$24,306</td>
<td>$11,084</td>
<td>-</td>
<td>$35,390</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Balance at December 31, 2011</th>
<th>Amortization expense</th>
<th>Balance at December 31</th>
</tr>
</thead>
<tbody>
<tr>
<td>Furniture and equipment</td>
<td>$2,351</td>
<td>$2,985</td>
<td>$5,336</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Furniture and equipment</td>
<td>$21,955</td>
<td>$30,054</td>
</tr>
</tbody>
</table>

(a) Contributed tangible capital assets:

The Business Improvement Area received $nil (2011 - $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:

The Business Improvement Area has not recorded write-downs of tangible capital assets during the year.
3. **Related party transactions:**

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

**Revenue:**

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Member levy collected on behalf of the Business Improvement Area</td>
<td>$101,966</td>
<td>$102,000</td>
</tr>
</tbody>
</table>

The City of Hamilton has also contributed $2,645 (2011 - $2,747) to commercial improvement programs undertaken by the Business Improvement Area, $4,299 (2011 - $3,547) from parking sharing revenue program and $905 (2011 - $nil) in other grants.

4. **Accumulated surplus:**

Accumulated surplus consists of the following:

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Surplus:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Invested in tangible capital assets</td>
<td>$30,054</td>
<td>$21,955</td>
</tr>
<tr>
<td>Surplus</td>
<td>39,814</td>
<td>54,748</td>
</tr>
<tr>
<td><strong>Accumulated surplus</strong></td>
<td>$69,868</td>
<td>$76,703</td>
</tr>
</tbody>
</table>

5. **Budget data:**

The unaudited budget data presented in these financial statements is based upon the 2012 budget approved by the Board on October 18, 2011. Amortization was not contemplated on development of the budget and, as such, has not been included.
Financial Statements of

WESTDALE BUSINESS IMPROVEMENT AREA

Year ended December 31, 2012
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, 2012, 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, 2012, 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.

Other matters

The financial statements of Downtown Hamilton Business Improvement Area for the year ended December 31, 2011, were audited by another auditor who expressed an unmodified audit opinion on those statements on January 9, 2013.

Chartered Accountants, Licensed Public Accountants

September 18, 2013
Hamilton, Canada
WESTDALE BUSINESS IMPROVEMENT AREA
Financial Statements
Year ended December 31, 2012

Financial Statements

  Statement of Financial Position  1
  Statement of Operations  2
  Statement of Changes in Net Financial Assets  3
  Statement of Cash Flows  4
  Notes to Financial Statements  5 - 8
WESTDALE BUSINESS IMPROVEMENT AREA
Statement of Financial Position

December 31, 2012, with comparative figures for 2011

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Financial assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash</td>
<td>$ 20,971</td>
<td>$ 103,363</td>
</tr>
<tr>
<td>Accounts receivable</td>
<td>22,779</td>
<td>19,299</td>
</tr>
<tr>
<td><strong>Total Financial assets</strong></td>
<td>43,750</td>
<td>122,662</td>
</tr>
<tr>
<td><strong>Financial liabilities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts payable and accrued liabilities</td>
<td>7,533</td>
<td>2,826</td>
</tr>
<tr>
<td>Due to City of Hamilton</td>
<td>1,266</td>
<td>6,137</td>
</tr>
<tr>
<td>Deferred revenue</td>
<td>-</td>
<td>61,250</td>
</tr>
<tr>
<td><strong>Total Financial liabilities</strong></td>
<td>8,799</td>
<td>70,213</td>
</tr>
<tr>
<td><strong>Net financial assets</strong></td>
<td>34,951</td>
<td>52,449</td>
</tr>
<tr>
<td><strong>Non-financial assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tangible capital assets (note 2)</td>
<td>38,079</td>
<td>32,673</td>
</tr>
<tr>
<td>Prepaid expenses</td>
<td>2,691</td>
<td>988</td>
</tr>
<tr>
<td><strong>Total Non-financial assets</strong></td>
<td>40,770</td>
<td>33,661</td>
</tr>
<tr>
<td><strong>Accumulated surplus (note 3)</strong></td>
<td>$ 75,721</td>
<td>$ 86,110</td>
</tr>
</tbody>
</table>

See accompanying notes to financial statements.

On behalf of the Board:

_____________________________  Director

_____________________________  Director
WESTDALE BUSINESS IMPROVEMENT AREA

Statement of Operations

Year ended December 31, 2012, with comparative figures for 2011

<table>
<thead>
<tr>
<th></th>
<th>Budget</th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenue:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Assessment levy</td>
<td>$122,500</td>
<td>$116,362</td>
<td>$122,500</td>
</tr>
<tr>
<td>City of Hamilton grants</td>
<td>-</td>
<td>43,374</td>
<td>43,011</td>
</tr>
<tr>
<td>Interest</td>
<td>289</td>
<td>289</td>
<td>54</td>
</tr>
<tr>
<td>Other</td>
<td>653</td>
<td>322</td>
<td></td>
</tr>
<tr>
<td></td>
<td>122,500</td>
<td>160,678</td>
<td>165,887</td>
</tr>
<tr>
<td><strong>Expenses:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Administration</td>
<td>30,000</td>
<td>22,533</td>
<td>28,818</td>
</tr>
<tr>
<td>Amortization</td>
<td>-</td>
<td>8,822</td>
<td>5,139</td>
</tr>
<tr>
<td>Audit and legal fees</td>
<td>-</td>
<td>2,177</td>
<td>441</td>
</tr>
<tr>
<td>Bad debts</td>
<td>-</td>
<td>1,266</td>
<td>6,137</td>
</tr>
<tr>
<td>Bank charges</td>
<td>-</td>
<td>122</td>
<td>192</td>
</tr>
<tr>
<td>Beautification</td>
<td>12,500</td>
<td>49,843</td>
<td></td>
</tr>
<tr>
<td>Commercial improvement</td>
<td>-</td>
<td>-</td>
<td>27,771</td>
</tr>
<tr>
<td>Festival</td>
<td>25,000</td>
<td>23,184</td>
<td>20,365</td>
</tr>
<tr>
<td>Insurance</td>
<td>-</td>
<td>2,743</td>
<td>1,273</td>
</tr>
<tr>
<td>Meetings</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>-</td>
<td>635</td>
<td>-</td>
</tr>
<tr>
<td>Office and general expense</td>
<td>18,000</td>
<td>16,187</td>
<td>16,013</td>
</tr>
<tr>
<td>Rent</td>
<td>-</td>
<td>7,000</td>
<td>7,000</td>
</tr>
<tr>
<td>Wages</td>
<td>37,000</td>
<td>36,555</td>
<td>25,577</td>
</tr>
<tr>
<td></td>
<td>122,500</td>
<td>171,067</td>
<td>138,726</td>
</tr>
<tr>
<td><strong>Annual surplus (deficit)</strong></td>
<td>-</td>
<td>(10,389)</td>
<td>27,161</td>
</tr>
<tr>
<td><strong>Accumulated surplus, beginning of year</strong></td>
<td>86,110</td>
<td>58,949</td>
<td></td>
</tr>
<tr>
<td><strong>Accumulated surplus, end of year</strong></td>
<td>$75,721</td>
<td>$86,110</td>
<td></td>
</tr>
</tbody>
</table>

See accompanying notes to financial statements.
WESTDALE BUSINESS IMPROVEMENT AREA

Statement of Changes in Net Financial Assets

Year ended December 31, 2012, with comparative figures for 2011

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Annual surplus (deficit)</td>
<td>$ (10,389)</td>
<td>$ 27,161</td>
</tr>
<tr>
<td>Acquisition of tangible capital assets</td>
<td>(14,228)</td>
<td>(23,900)</td>
</tr>
<tr>
<td>Amortization of tangible capital assets</td>
<td>8,822</td>
<td>5,139</td>
</tr>
<tr>
<td>(Increase) decrease in prepaid expenses</td>
<td>(1,703)</td>
<td>93</td>
</tr>
<tr>
<td>Change in net financial assets</td>
<td>(17,498)</td>
<td>8,493</td>
</tr>
<tr>
<td>Net financial assets, beginning of year</td>
<td>52,449</td>
<td>43,956</td>
</tr>
<tr>
<td>Net financial assets, end of year</td>
<td>$ 34,951</td>
<td>$ 52,449</td>
</tr>
</tbody>
</table>

See accompanying notes to financial statements.
WESTDALE BUSINESS IMPROVEMENT AREA

Statement of Cash Flows

Year ended December 31, 2012, with comparative figures for 2011

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cash provided by (used in):</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Operating activities:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Annual surplus (deficit)</td>
<td>$(10,389)</td>
<td>$27,161</td>
</tr>
<tr>
<td>Items not involving cash:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Amortization</td>
<td>8,822</td>
<td>5,139</td>
</tr>
<tr>
<td>Change in non-cash assets and liabilities:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts receivable</td>
<td>(3,480)</td>
<td>(14,379)</td>
</tr>
<tr>
<td>Accounts payable and accrued liabilities</td>
<td>4,707</td>
<td>(4,128)</td>
</tr>
<tr>
<td>Prepaid expenses</td>
<td>(1,703)</td>
<td>93</td>
</tr>
<tr>
<td>Deferred revenue</td>
<td>(61,250)</td>
<td>61,250</td>
</tr>
<tr>
<td><strong>Cash provided by (used in) operating activities</strong></td>
<td>$(63,293)</td>
<td>75,136</td>
</tr>
<tr>
<td><strong>Capital activities:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash used to acquire tangible capital assets</td>
<td>(14,228)</td>
<td>(23,900)</td>
</tr>
<tr>
<td><strong>Financing activities:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Change in due to City of Hamilton</td>
<td>(4,871)</td>
<td>4,725</td>
</tr>
<tr>
<td><strong>Net (decrease) increase in cash</strong></td>
<td>(82,392)</td>
<td>55,961</td>
</tr>
<tr>
<td><strong>Cash, beginning of year</strong></td>
<td>103,363</td>
<td>47,402</td>
</tr>
<tr>
<td><strong>Cash, end of year</strong></td>
<td>$20,971</td>
<td>$103,363</td>
</tr>
</tbody>
</table>

See accompanying notes to financial statements.
WESTDALE BUSINESS IMPROVEMENT AREA
Notes to Financial Statements

Year ended December 31, 2012

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 as recommended by the Public Sector Accounting Board (“PSAB”) of the Canadian Institute of Chartered Accountants. 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. Transfers are recognized in the financial statements as revenues in the period in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amounts can be made.
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:

<table>
<thead>
<tr>
<th>Asset</th>
<th>Useful life - years</th>
</tr>
</thead>
<tbody>
<tr>
<td>Computer hardware</td>
<td>5</td>
</tr>
<tr>
<td>Decorations</td>
<td>5</td>
</tr>
<tr>
<td>Furniture and equipment</td>
<td>10</td>
</tr>
</tbody>
</table>

   (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:

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Furniture and equipment</td>
<td>$ 7,129</td>
<td>- $</td>
<td>- $</td>
<td>$ 7,129</td>
</tr>
<tr>
<td>Computer hardware</td>
<td>1,337</td>
<td>-</td>
<td>-</td>
<td>1,337</td>
</tr>
<tr>
<td>Decorations</td>
<td>32,744</td>
<td>14,228</td>
<td>-</td>
<td>46,972</td>
</tr>
<tr>
<td>Total</td>
<td>$ 41,210</td>
<td>14,228</td>
<td>-</td>
<td>$ 55,438</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Furniture and equipment</td>
<td>$ 1,069</td>
<td>- $</td>
<td>713 $</td>
<td>1,782</td>
</tr>
<tr>
<td>Computer hardware</td>
<td>1,200</td>
<td>-</td>
<td>137 $</td>
<td>1,337</td>
</tr>
<tr>
<td>Decorations</td>
<td>6,268</td>
<td>-</td>
<td>7,972 $</td>
<td>14,240</td>
</tr>
<tr>
<td>Total</td>
<td>$ 8,537</td>
<td>- $</td>
<td>8,822 $</td>
<td>17,359</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Furniture and equipment</td>
<td>$ 6,060</td>
</tr>
<tr>
<td>Computer hardware</td>
<td>137</td>
</tr>
<tr>
<td>Decorations</td>
<td>26,476</td>
</tr>
<tr>
<td>Total</td>
<td>$ 32,673</td>
</tr>
</tbody>
</table>

(a) Contributed tangible capital assets:

The Business Improvement Area received $nil (2011 - $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:

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Surplus:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Invested in tangible capital assets</td>
<td>$38,079</td>
<td>$32,673</td>
</tr>
<tr>
<td>Operating</td>
<td>$37,642</td>
<td>53,437</td>
</tr>
<tr>
<td>Accumulated surplus</td>
<td>$75,721</td>
<td>$86,110</td>
</tr>
</tbody>
</table>

4. Related party transactions:

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

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Member levy collected on behalf of the Business Improvement Area</td>
<td>$116,362</td>
<td>$122,500</td>
</tr>
</tbody>
</table>

The City of Hamilton has also contributed $28,254 (2011 - $27,771) to commercial improvement programs undertaken by the Business Improvement Area, $905 (2011 - $904) in other grants and $14,215 (2011 - $14,336) to a parking revenue sharing program.

5. Budget data:

The unaudited budget data presented in these financial statements is based upon the 2012 budget approved by the Board. Amortization was not contemplated on development of the budget and, as such, has not been included.