

Burlington Theatre Board Inc.

Audited Financial Statements

for the year ended

December 31, 2016

Burlington Theatre Board Inc.

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Independent Auditor's Report

To the Members of Burlington Theatre Board Inc., and
Members of Council, Inhabitants and Ratepayers of
the Corporation of the City of Burlington

We have audited the accompanying financial statements of Burlington Theatre Board Inc., which comprise the statement of financial position as at December 31, 2016, and the statements of operations, change in net financial assets and cash flows for the year then ended, and 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.

Auditor's 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 the auditor's 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, the auditor considers 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 Burlington Theatre Board Inc. as at December 31, 2016 and the results of its operations, change in net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

A handwritten signature in black ink that reads "Deloitte LLP". The word "Deloitte" is written in a cursive script, and "LLP" is written in a simpler, blocky font.

Chartered Professional Accountants
Licensed Public Accountants
April 28, 2017

Burlington Theatre Board Inc.

Statement of Financial Position

As at December 31, 2016

	2016	2015
Financial Assets		
Cash	\$ 3,475	\$ 3,475
Due from City of Burlington (Note 2)	1,362,918	1,467,145
Accounts Receivable	35,731	41,137
	\$ 1,402,124	\$ 1,511,757
Liabilities		
Accounts payable and accrued liabilities	119,415	98,608
Deferred revenue	799,032	563,425
	\$ 918,447	\$ 662,033
Net Financial Assets	\$ 483,677	\$ 849,724
Non-Financial Assets		
Inventory	7,243	7,582
Prepaid expenses	136,945	83,829
Tangible capital assets (Note 3)	376,795	185,995
	\$ 520,983	\$ 277,406
Accumulated Surplus (Note 4)	\$ 1,004,660	\$ 1,127,130

See accompanying notes to the financial statements

Burlington Theatre Board Inc.

Statement of Operations

For the year ended December 31, 2016

	Budget 2016	Actual 2016	Actual 2015
Revenues			
Capital renewal fund	\$ 109,375	\$ 109,572	\$ 105,884
Capital asset funding	50,000	87,520	197,745
City of Burlington grant	952,161	952,161	752,572
City of Burlington special funding	-	-	224,139
Concessions, advertising and fees	442,020	421,388	396,903
Grants & donations	129,725	127,843	174,007
Interest	-	23,879	21,175
Membership fees	35,000	19,835	23,052
Rental revenue and recovered costs	532,890	504,737	489,036
Sponsorships (cash and in-kind)	182,000	377,776	171,023
Ticket sales	1,276,000	1,096,428	1,227,005
Total revenues	\$ 3,709,171	\$ 3,721,139	\$ 3,782,541
Expenses			
Amortization of tangible capital assets	14,480	34,528	14,480
Artist expense	967,845	1,079,364	980,388
Communications	20,575	21,201	20,154
Fundraising and memberships	15,000	23,803	13,585
Maintenance services and building operations	234,300	238,711	215,999
Materials and supplies	50,775	46,611	49,503
Office administration	84,680	98,950	85,690
Professional services	80,315	153,885	142,417
Promotional expenses	371,500	517,882	372,051
Salaries and benefits	1,503,705	1,400,678	1,334,301
Utilities	191,101	193,958	174,410
Website creation and design	30,000	34,038	25,726
Total expenses	\$ 3,564,276	\$ 3,843,609	\$ 3,428,704
 Annual (deficit) surplus (Note 4)	 144,895	 (122,470)	 353,837
Accumulated surplus, beginning of year	1,127,130	1,127,130	773,293
Accumulated surplus, end of year	\$ 1,272,025	\$ 1,004,660	\$ 1,127,130

See accompanying notes to the financial statements

Burlington Theatre Board Inc.
Statement of Change in Net Financial Assets

For the Month Ended December 31, 2016

	Budget 2016	Actual 2016	Actual 2015
	\$	\$	\$
Annual (deficit) surplus	\$ 144,895	\$ (122,470)	\$ 353,837
Acquisition of tangible capital assets	(100,000)	(225,328)	(145,859)
Amortization of tangible capital assets	14,480	34,528	14,480
	\$ (85,520)	\$ (190,800)	\$ (131,379)
Acquisition of inventory	-	(7,243)	(7,582)
Use of Inventory	-	7,582	4,299
	\$ -	\$ 339	\$ (3,283)
Acquisition of prepaid expenses	-	(136,945)	(83,829)
Use of prepaid expense	-	83,829	66,954
	\$ -	\$ (53,116)	\$ (16,875)
(Decrease) increase in net financial assets	59,375	(366,047)	202,300
Net financial assets, beginning of year	849,724	849,724	647,424
Net financial assets, end of year	\$ 909,099	\$ 483,677	\$ 849,724

See accompanying notes to the financial statements

Burlington Theatre Board Inc.
Statement of Cash Flows

For the Year Ended December 31, 2016

	2016	2015
	\$	\$
Operating activities		
Annual (deficit) surplus	(122,470)	353,837
Items not affecting cash		
Amortization of tangible capital assets	34,528	14,480
Changes in non-cash operating working capital items		
Due from City of Burlington	104,227	(87,848)
Accounts receivable	5,406	27,234
Prepaid expenses	(53,116)	(16,875)
Inventory	339	(3,283)
Accounts payable and accrued liabilities	20,807	(74,068)
Deferred revenue	235,607	(67,618)
	225,328	145,859
Capital transactions		
Acquisition of tangible capital assets	(225,328)	(145,859)
Net change in cash	-	-
Cash, beginning of year	3,475	3,475
Cash, end of year	3,475	3,475

See accompanying notes to the financial statements

Burlington Theatre Board Inc.

Notes to the Financial Statements

For the Year Ended December 31, 2016

The Burlington Theatre Board Inc. (BTB) was established in January 2009 as a non-profit organization in partnership with the City of Burlington (the City). During 2010, the partnership embarked on the construction of The Burlington Performing Arts Centre (BPAC) on lands owned by the City of Burlington. Accounting for the construction of the centre is recorded in the City's capital accounts. Operating transactions for the BPAC, both pre-opening and post-opening are included in the financial statements of the BTB. Significant aspects of the accounting practices adopted by the Board are as follows:

1. Summary of significant accounting policies

Basis of accounting

The financial statements of the BTB are prepared in accordance with Canadian public sector accounting standards, as recommended by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada.

Revenue recognition

Revenues are reported on the accrual basis of accounting which recognizes revenues as they become available and measurable. Expenses are reported on the accrual basis of accounting which recognizes expenditures as they are incurred and measurable as a result of a receipt of goods or services and the creation of a legal obligation to pay.

Where funding has been received in advance of expenditures for a specific program, the amount has been recorded as deferred revenue and will be recognized as revenue in a future period when the related expenses are incurred.

Tangible capital assets

Tangible capital assets are recorded at cost, which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. Tangible capital assets received as contributions are recorded at their fair value at the date of receipt. The cost, less residual value of the tangible capital assets are amortized on a straight-line basis over their estimated useful lives of 5 years to 15 years.

Annual amortization is charged in the year of acquisition through to the year of disposal on a pro-rated basis. Assets under construction are not amortized until the asset is available for productive use.

Inventories

Inventories held for resale are recorded at cost.

Special projects reserve funds and trust fund

The City of Burlington holds a special projects reserve fund for the Board. These funds are internally restricted and on an annual basis the Board approves a plan and budget that directs how the funds will be disbursed.

Capital Asset Funding

In Public Sector Accounting capital funding is recognized when the funding is approved and the cash is received although the amortization cost of tangible capital assets is expensed over the useful life of the assets.

Use of estimates

The preparation of financial statements in accordance with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant estimates include accrued liabilities and useful lives of tangible capital assets. Actual results could differ from those estimates.

Burlington Theatre Board Inc.
Notes to the Financial Statements
For the Year Ended December 31, 2016

2. Due from the City of Burlington

The balance due from the City of Burlington is interest-bearing and has no set terms of collection.

3. Tangible capital assets

The furniture and equipment assets have a cost of \$447,376 (2015 - \$222,048) and a net book value of \$376,795 (2015 - \$185,995), as detailed below:

	2016	2015
Cost		
Balance, beginning of year	\$ 222,048	\$ 76,189
Additions and betterments during the year	225,328	145,859
Balance, end of year	447,376	222,048
Accumulated amortization		
Balance, beginning of year	36,053	21,573
Amortization for the year	34,528	14,480
Balance, end of year	70,581	36,053
Net book value	\$ 376,795	\$ 185,995

4. Accumulated surplus

Accumulated surplus consists of the following:

	2016	2015
Surplus:		
Invested in tangible capital assets	\$ 376,795	\$ 185,995
	376,795	185,995
Reserve funds:		
Special projects (Note 5)	627,865	941,135
	627,865	941,135
Accumulated surplus	\$ 1,004,660	\$ 1,127,130

Burlington Theatre Board Inc.
Notes to the Financial Statements
For the Year Ended December 31, 2016

5. Continuity of reserve funds

Transactions of the reserve funds during the year are as follows:

	2016	2015
Special projects reserve fund		
Balance beginning of year	\$ 941,135	\$ 718,677
Contribution to capital renewal fund	109,572	105,884
Contribution from donation reserve	(10,000)	10,000
Contribution from operating reserve - operating deficit	(311,193)	29,113
Contribution from operating reserve - capital commitments	(125,528)	56,286
Interest earned	23,879	21,175
Special projects reserve funds, end of year	\$ 627,865	\$ 941,135

Special projects reserve funds consists of

Capital reserve fund	\$ 543,341	\$ 406,818
Donation reserve fund	12,758	22,413
Operating reserve fund	(305,029)	328,082
Operating reserve fund - capital commitments	376,795	183,822
Total	\$ 627,865	\$ 941,135

6. Pension agreements

Effective August 1, 2011, The Burlington Performing Arts Centre began contributions to the Ontario Municipal Employees Retirement System (OMERS), which is a multi-employer plan, on behalf of its entire permanent staff. The Plan is a defined benefit plan, which specifies the amount of the retirement benefit to be received by the employees based on length of service and rates of pay.

Contributions to OMERS are made at rates ranging from 9.0% to 14.6%. Contribution rates are dependent on proposed retirement age and the level of earnings.

The amount contributed to OMERS for 2016 was \$83,969 for current service (2015 - \$88,758) and is included as an expenditure on the statement of operations.

7. Comparative Figures

Certain comparative figures have been reclassified to conform to 2016 presentation.

