



Burlington Economic Development Corporation

Financial Statements
for the year ended
December 31, 2016

Burlington Economic Development Corporation

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Independent Auditor's Report

To the Members of Burlington Economic Development Corporation
Members of Council, Inhabitants and Ratepayers of the
Corporation of the City of Burlington

We have audited the accompanying financial statements of Burlington Economic Development Corporation, 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 Economic Development Corporation 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
March 23, 2017

Burlington Economic Development Corporation

Statement of Financial Position

as at December 31

	2016	2015
Financial Assets		
Due from City of Burlington (Note 7)	\$ 546,245	\$ 421,029
Accounts receivable:		
Canada grants	29,340	24,046
Other receivables	41,872	-
	617,457	445,075
Liabilities		
Accounts payable and accrued liabilities (Note 6)	13,637	20,176
Deferred revenue	6,160	13,207
	19,797	33,383
Net Financial Assets	597,660	411,692
Non-Financial Assets		
Tangible capital assets (Note 2)	37,016	34,216
	37,016	34,216
Accumulated Surplus (Note 8)	\$ 634,676	\$ 445,908

See accompanying notes to the financial statements

Burlington Economic Development Corporation

Statement of Operations

For the Year Ended December 31

	Budget 2016	Actual 2016	Actual 2015
Revenues:			
City of Burlington contribution (Note 7)	\$ 1,289,143	\$ 1,289,143	\$ 1,270,092
Grants:			
Canada (Note 3)	122,446	97,937	107,199
Other - Fresh Insights (Note 3)	210,125	170,895	201,941
Events	-	10,940	9,820
Interest	-	9,689	5,521
Other income	-	40	15,371
	1,621,714	1,578,644	1,609,944
Expenses:			
Amortization of tangible capital assets	7,446	8,394	7,999
Business travel	8,600	9,829	6,378
Corporate memberships	-	2,349	2,447
Communication services	7,550	3,923	4,227
Marketing projects expenses	339,381	243,375	246,212
Meeting expenses	15,200	9,570	11,273
Office rent	53,240	54,074	53,197
Office supplies	16,466	12,927	14,887
Advertising & Promotion	23,700	6,187	16,655
Professional services	5,300	4,477	4,477
Events	-	6,253	6,927
Restructuring and governance (Note 4)	40,000	26,720	42,524
Salaries and benefits (Note 6)	1,068,831	982,200	927,701
Team Burlington	6,000	4,190	8,583
Website	30,000	15,408	19,434
	1,621,714	1,389,876	1,372,921
Annual surplus	-	188,768	237,023
Accumulated surplus, beginning of year	445,908	445,908	208,885
Accumulated surplus, end of year (Note 8)	\$ 445,908	\$ 634,676	\$ 445,908

See accompanying notes to the financial statements

Burlington Economic Development Corporation

Statement of Changes in Net Financial Assets

For the Year Ended December 31

	Actual 2016	Actual 2015
Annual surplus	\$ 188,768	\$ 237,023
Acquisition of tangible capital assets	(11,194)	(25,003)
Amortization of tangible capital assets	8,394	7,999
	(2,800)	(17,004)
Change in net financial assets	185,968	220,019
Net financial assets, beginning of year	411,692	191,673
Net financial assets, end of year	\$ 597,660	\$ 411,692

See accompanying notes to the financial statements

Burlington Economic Development Corporation

Statement of Cash Flows

For the Year Ended December 31

	Actual 2016	Actual 2015
Operating Activities		
Annual surplus	\$ 188,768	\$ 237,023
Items not affecting cash		
Amortization of tangible capital assets	8,394	7,999
Changes in non-cash operating working capital items		
Due from City of Burlington	(125,216)	(216,884)
Accounts receivable	(47,166)	10,683
Accounts payable and accrued liabilities	(6,539)	1,150
Deferred revenue	(7,047)	(14,968)
	11,194	25,003
Capital transactions		
Acquisition of tangible capital assets	(11,194)	(25,003)
Cash, end of year	\$ -	\$ -

See accompanying notes to the financial statements

Burlington Economic Development Corporation
Notes to the Consolidated Financial Statements
For the Year Ended December 31, 2016

The Burlington Economic Development Corporation ("BEDC") is a non-profit organization incorporated under the Community Development Corporation Act. The mission of the BEDC is "to promote a healthy and prosperous community by facilitating opportunities for economic growth." The BEDC is exempt from tax under section 149(1)(d) of the Canadian Income Tax Act.

1. Summary of significant accounting policies

Basis of accounting

The financial statements are prepared in accordance with Canadian public sector accounting standards for local government entities, 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. Expenditures 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.

Non-cash contributions

Non-cash contributions donated as materials and services that would otherwise be paid for by the BEDC are recorded at fair market value when provided.

Tangible capital assets

Purchased capital assets are recorded at cost. Amortization for furniture and equipment assets estimated is calculated on a straight line basis over the useful lives of 5 years to 10 years.

Reserve funds

The Marketing Campaign Reserve Fund represents funds that are designated for the marketing and promotion of the City of Burlington as a place for businesses to locate and expand. All funds received and expended for this purpose are recorded through the Marketing Campaign Reserve Fund that is an internally restricted reserve fund.

On an annual basis, the Board approves a marketing plan for the year which directs how the funds will be collected and disbursed.

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. Items requiring the use of significant estimates include the useful lives of tangible capital assets. Actual results could differ from those estimates.

Contaminated Sites

The BEDC has implemented Public Sector Accounting Board ("PSAB") section 3260 Liability for contaminated sites. Section 3260 requires governments to record a liability in their financial statements if they have a contaminated site that meets the requirements set out in the standard.

Burlington Economic Development Corporation
Notes to the Consolidated Financial Statements
For the Year Ended December 31, 2016

2. Tangible capital assets

Details of the furniture and equipment capital assets include:

	2016	2015
Cost		
Balance, beginning of year	\$ 81,565	\$ 99,430
Additions and betterments during the year	11,194	25,003
Disposals	-	(42,868)
Balance, end of year	\$ 92,759	\$ 81,565
Accumulated amortization		
Balance, beginning of year	\$ 47,349	\$ 82,218
Amortization for the year	8,394	7,999
Disposals	-	(42,868)
Balance, end of year	\$ 55,743	\$ 47,349
Net book value	\$ 37,016	\$ 34,216

3. Grants from other government agencies

During the year, the BEDC undertook the following special projects to enrich the services being provided to the business community. Funding for these projects was received from other government agencies as follows:

	2016	2015
<u>Canada grants</u>		
Career Focus		
Career Focus grant awarded to BEDC which is dedicated to empowering local businesses to focus through targeted market research, guided business planning and effective communications	\$ 97,937	\$ 86,874
Branding and Investment Attraction Research and Sector Profile Project	-	20,325
Grant awarded by Invest Canada - Community initiatives to assist with foreign direct investment programs designed to attract, retain and expand foreign direct investment		
Total Canada grants	\$ 97,937	\$ 107,199
<u>Other- FreshInsights</u>		
Other revenues from FreshInsights for service charges and recovered costs.	170,895	201,941
Total Other grants- FreshInsights	\$ 170,895	\$ 201,941

Burlington Economic Development Corporation
Notes to the Consolidated Financial Statements
For the Year Ended December 31, 2016

4. Restructuring and governance

During 2013, the BEDC Board of Directors commenced a transition process for the restructuring and governance of the corporation to enable it to perform different initiatives in agreement with the City of Burlington (the "City"), including the potential acquisition, development and marketing of commercial/industrial real estate lands within the City. During 2016, the strategic plan which was approved in 2014 was operationalized. Expenses incurred in 2016 related to an update of the by-laws of the Corporation amounted to \$26,720 (2015 - \$42,524).

5. Scholarships

At December 31, 2016 the Burlington Community Foundation is holding a fund balance of \$48,591 (2015 - \$45,837) in perpetuity for the Burlington Economic Development Corporation to earn income to support future entrepreneurial scholarships. Included in the above fund balance is net earned income in the amount of \$12,405 (2015 - \$9,651) of which \$10,945 (2015- \$10,945) is available to the BEDC. Due to the above-noted direction from the Board, however, the future use of this income and subsequent income from this source will be determined at a later date.

6. Accrual of Vacation Pay

Included in "Accounts payable and accrued liabilities" on the Statement of Financial Position is an amount of \$2,688 (2015 - \$4,502) in respect of outstanding vacation that would be payable to salaried employees in the event that they terminated employment from BEDC at December 31, 2016. This amount is also included in "Salaries and benefits" on the Statement of Operations.

7. Related party transactions

The City of Burlington and the BEDC have established a partnership agreement to encourage economic growth within the Burlington community. The City treats the BEDC as a local board for budgetary and administrative purposes.

Burlington Economic Development Corporation
Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2016

8. Accumulated surplus

Accumulated surplus consists of the following:

	2016	2015
Surplus:		
Invested in tangible capital assets	\$ 37,016	\$ 34,216
Total surplus	37,016	34,216
Reserve funds:		
Operating	264,550	240,373
Marketing Campaign	333,110	171,319
Total reserve funds	597,660	411,692
Accumulated surplus	\$ 634,676	\$ 445,908

9. Continuity of reserve funds

In the 2015 strategic plan for BEDC, partnering with the City in strategic marketing objectives was identified as a key initiative. To this end, a number of projects were identified to achieve the objectives. Funds allocated for these projects have been committed in the marketing reserve (\$94,686). These projects were carried out in 2016 with \$62,596 withdrawn from the marketing reserve. Transactions of the reserve funds are as follows:

	2016 Budget	2016 Actual	2015 Actual
Operating reserve fund			
Balance beginning of year	\$ 234,216	\$ 240,373	\$ 117,358
Interest earned	-	6,500	3,203
Annual surplus	-	188,768	237,023
Transfers from operating reserve fund	-	(171,091)	(117,211)
Operating reserve fund, end of year	234,216	264,550	240,373
Marketing Campaign reserve fund			
Balance beginning of year	177,476	171,319	74,315
Transfers	-	158,602	94,686
Interest earned	-	3,189	2,318
Marketing Campaign reserve fund, end of year	177,476	333,110	171,319
Total reserve funds, end of year	\$ 411,692	\$ 597,660	\$ 411,692

10. Comparative figures

In prior years the graduate internship program now known as FreshInsights had been recorded as a project. However, in the current year it has been presented within the operations of BEDC. Prior year comparative numbers have been reclassified to the current period presentation.