

Financial statements of

# **Burlington Downtown**

December 31, 2016

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## Independent Auditor's Report

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

We have audited the accompanying financial statements of Burlington Downtown, 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 Downtown 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  
May 3, 2017

# Burlington Downtown

## Statement of financial position as at December 31, 2016

	2016	2015
	\$	\$
<b>Financial assets</b>		
Cash	156,344	242,400
Accounts receivable	39,244	25,471
Due from City of Burlington	200,518	105,063
	<b>396,106</b>	<b>372,934</b>
<b>Liabilities</b>		
Accounts payable and accrued liabilities	26,599	28,777
Due to City of Burlington	41,091	2,289
Deferred revenue	-	58,573
	<b>67,690</b>	<b>89,639</b>
<b>Net financial assets</b>	<b>328,416</b>	<b>283,295</b>
<b>Non-financial assets</b>		
Prepaid expenses	1,680	-
Tangible capital assets, net (Note 5)	66,583	82,578
	<b>68,263</b>	<b>82,578</b>
<b>Accumulated surplus (Note 4)</b>	<b>396,679</b>	<b>365,873</b>

Approved by the Board

\_\_\_\_\_  
Director

\_\_\_\_\_  
Management

The accompanying notes to the financial statements are an integral part of this financial statement.

# Burlington Downtown

## Statement of operations year ended December 31, 2016

	Budget 2016	Actual 2016	Actual 2015
	\$	\$	\$
<b>Revenue</b>			
Business improvement levy (Note 3)	728,000	728,000	713,408
Supplementary taxes	-	6,722	4,883
	728,000	734,722	718,291
Interest earned on reserves	-	5,410	2,938
Special events	20,000	28,300	41,250
	748,000	768,432	762,479
<b>Expenses</b>			
Administration (Note 3)	265,500	261,266	269,402
Customer Attraction - Marketing	52,000	45,470	33,900
Customer Attraction - Events	59,000	73,010	56,254
Customer Attraction - Sponsorships	59,000	58,188	37,132
Amortization	19,700	18,798	19,690
Infrastructure improvements and programs	147,000	134,334	128,646
Stakeholder relations	36,000	29,334	16,322
General expenses	90,500	93,410	86,309
Lakeside Festival of Lights	2,500	2,500	2,500
Membership engagement	21,000	20,553	18,957
Capital works	-	763	1,318
	752,200	737,626	670,430
Annual (deficit) surplus	(4,200)	30,806	92,049
Accumulated surplus, beginning of year	365,873	365,873	273,824
<b>Accumulated surplus, end of year</b>	<b>361,673</b>	<b>396,679</b>	<b>365,873</b>

The accompanying notes to the financial statements are an integral part of this financial statement.

# Burlington Downtown

## Statement of change in net financial assets year ended December 31, 2016

	Budget 2016	Actual 2016	Actual 2015
	\$	\$	\$
<b>Annual surplus</b>	<b>(4,200)</b>	<b>30,806</b>	<b>92,049</b>
Acquisition of tangible capital assets	(35,500)	(2,803)	(24,518)
Amortization of tangible capital assets	19,700	18,798	19,690
	(15,800)	15,995	(4,828)
Acquisition of prepaid expenses	-	(1,680)	-
Use of prepaid expenses	-	-	-
	-	(1,680)	-
Change in net financial assets	(20,000)	45,121	87,221
Net financial assets, beginning of year	283,295	283,295	196,074
<b>Net financial assets, end of year</b>	<b>263,295</b>	<b>328,416</b>	<b>283,295</b>

The accompanying notes to the financial statements are an integral part of this financial statement.

# Burlington Downtown

## Statement of cash flows year ended December 31, 2016

	2016	2015
	\$	\$
<b>Operating activities</b>		
Annual surplus	30,806	92,049
Items not affecting cash		
Amortization	18,798	19,690
Changes in non-cash operating working capital items		
Accounts receivable	(13,773)	(5,040)
Prepaid expenses	(1,680)	-
Due from City of Burlington	(56,653)	(73,152)
Accounts payable and accrued liabilities	(2,178)	6,450
Deferred revenue	(58,573)	58,573
	(83,253)	98,570
<b>Investing activity</b>		
Purchase of tangible capital assets	(2,803)	(24,518)
Net change in cash	(86,056)	74,052
Cash, beginning of year	242,400	168,348
<b>Cash, end of year</b>	<b>156,344</b>	<b>242,400</b>

The accompanying notes to the financial statements are an integral part of this financial statement.

# Burlington Downtown

## Notes to the financial statements

December 31, 2016

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### 1. Nature of operations

Burlington Downtown was established by the Council of the City of Burlington (the "City") and has been entrusted with the improvements, beautification and maintenance of municipality owned lands, buildings and structures in the improvement area, beyond such expenses by the City. Burlington Downtown is also responsible for the promotion of this improvement area for business and shopping.

Burlington Downtown is financed by a special levy charged upon businesses in the improvement area.

### 2. Accounting policies

#### *Basis of accounting*

The financial statements of Burlington Downtown (the "Board") are prepared in accordance with Canadian public sector accounting standards. Significant aspects of the accounting policies adopted by the Board are as follows:

#### *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 expenses 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. Contributed materials and services are recognized when they can be reasonably estimated and relate to the development of a tangible capital asset, which has future economic value.

#### *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 is amortized on a straight-line basis over the estimated useful lives as follows:

Office equipment	3 - 10 years
Outside equipment	10 years
Christmas program	10 years

The half year rule has been applied to assets purchased within the year.

#### *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 disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates. Significant estimates in these financial statements included accrued liabilities and amortization of tangible capital assets.

#### *Special projects reserve fund*

The City of Burlington holds a special projects reserve fund in trust 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.

# Burlington Downtown

## Notes to the financial statements

December 31, 2016

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### 2. Accounting policies (continued)

#### *Financial instruments*

The estimated value of cash, accounts receivable, due from (to) the City of Burlington, and accounts payable and accrued liabilities approximate their carrying value due to the relatively short-term nature of the instruments.

The Board's revenues are dependent on commercial property tax levies and bad debts have not been significant. As such, concentrations of credit risk are considered to be minimal.

#### *Leases*

The leases held by the Board are classified as operating leases and the related lease payments are charged to expenses as incurred.

#### *Government transfers*

Government transfers are recognized as revenues by the Board in the period during which the transfer is authorized and any eligibility criteria are met. Government transfers are deferred if they are restricted through stipulations that require specific actions or programs to be carried out in order to keep the transfer. For such transfers, revenue is recognized as the stipulation has been met.

### 3. Related party transactions

During the year, Burlington Downtown recorded the following transactions with the City of Burlington:

	2016	2015
	\$	\$
Revenues		
Member levies collected on behalf of Burlington Downtown	728,000	713,408
Supplementary taxes	6,722	4,883
Expenses		
Occupancy costs, group benefits and printing and postage	43,288	41,191
Write off of member levies on behalf of Burlington Downtown	40,965	40,792

### 4. Accumulated surplus

	2016	2015
	\$	\$
Consists of		
Operating surplus	129,753	178,307
Reserves (Note 6)	200,343	104,988
Investment in tangible capital assets	66,583	82,578
	396,679	365,873

# Burlington Downtown

## Notes to the financial statements

December 31, 2016

### 5. Tangible capital assets

	Office equipment	Outside equipment	Christmas program	Total 2016	Total 2015
	\$	\$	\$	\$	\$
Cost					
Balance, beginning of year	19,976	72,939	148,854	241,769	217,251
Add: additions during the year	-	-	2,803	2,803	24,518
Balance, end of year	19,976	72,939	151,657	244,572	241,769
Accumulated amortization					
Balance, beginning of year	19,383	45,025	94,783	159,191	139,501
Add: amortization during the year	406	5,904	12,488	18,798	19,690
Balance, end of year	19,789	50,929	107,271	177,989	159,191
Net book value of tangible capital assets	187	22,010	44,386	66,583	82,578

### 6. Reserves

	2016	2015
	\$	\$
Balance, beginning of year	104,988	52,050
Interest, net of administration fee	5,410	2,938
Funds from operations	89,945	50,000
Balance, end of year	200,343	104,988

### 7. Commitments

The Board is committed to payments under operating leases for office space and loans to the City of Burlington that expires on July 31, 2018. Future lease payments aggregate \$43,719 and include the following amounts payable over the next three years:

	\$
2017	27,612
2018	16,107

