

Burlington Theatre Board Inc.

Audited Financial Statements

for the year ended

December 31, 2018

Burlington Theatre Board Inc.

Contents

December 31, 2018

	<u>Page</u>
Independent Auditor's Report.....	1-2
Statement of Financial Position.....	3
Statement of Operations.....	4
Statement of Changes in Net Financial Assets.....	5
Statement of Cash Flows.....	6
Notes to the Consolidated Financial Statements.....	7-9



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Independent Auditor's Report

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

Opinion

We have audited the financial statements of Burlington Theatre Board (the "Theatre"), which comprise the statement of financial position as at December 31, 2018, and the statements of operations, change in net financial assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Theatre as at December 31, 2018, and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Theatre in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Theatre's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Theatre or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Theatre's financial reporting process.

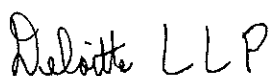
Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Theatre's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Theatre's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Theatre to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

The image shows a handwritten signature in black ink that reads "Deloitte LLP". The signature is written in a cursive, flowing style.

Chartered Professional Accountants
Licensed Public Accountants
April 26, 2019

Burlington Theatre Board Inc.

Statement of Financial Position

As at December 31, 2018

	2018	2017
Financial Assets		
Cash	\$ 4,725	\$ 3,975
Due from City of Burlington (Note 2)	2,140,685	1,565,953
Accounts Receivable	5,150	63,880
	\$ 2,150,560	\$ 1,633,808
Liabilities		
Accounts payable and accrued liabilities	273,980	235,869
Deferred revenue	619,641	618,315
	\$ 893,621	\$ 854,184
Net Financial Assets	\$ 1,256,939	\$ 779,624
Non-Financial Assets		
Inventory	6,903	5,449
Prepaid expenses	73,900	71,777
Tangible capital assets (Note 3)	662,632	432,094
	\$ 743,435	\$ 509,320
Accumulated Surplus (Note 4)	\$ 2,000,374	\$ 1,288,944

Burlington Theatre Board Inc.

Statement of Operations

For the year ended December 31, 2018

	Budget 2018	Actual 2018	Actual 2017
Revenues			
Capital renewal fund	\$ 120,592	\$ 121,165	\$ 128,725
Capital asset funding (Note 5)	46,580	170,310	83,940
City of Burlington grant	990,628	990,628	971,204
Concessions, advertising and fees	460,100	471,285	494,690
Grants & donations (Note 7)	153,625	152,162	103,560
Interest	-	27,130	17,596
Membership fees	25,000	40,430	23,700
Rental revenue and recovered costs	574,322	576,376	592,060
Sponsorships (cash and in-kind)	450,520	222,907	364,591
Ticket sales	1,165,000	1,194,296	1,541,094
Total revenues	\$ 3,986,367	\$ 3,966,689	\$ 4,321,160
Expenses			
Amortization of tangible capital assets	35,188	82,257	35,188
Artist expense (Note 7)	1,016,550	926,403	1,259,436
Communications	25,885	24,773	24,623
Fundraising and memberships	15,000	7,650	11,557
Maintenance services and building operations	228,600	233,546	235,723
Materials and supplies	57,670	47,504	45,832
Office administration	104,620	99,427	106,096
Professional services	132,530	70,159	276,974
Promotional expenses	510,030	352,891	523,425
Salaries and benefits	1,486,310	1,212,251	1,315,871
Utilities	212,000	189,496	179,491
Website creation and design	30,000	8,902	22,660
Total expenses	\$ 3,854,383	\$ 3,255,259	\$ 4,036,876
Annual surplus (Note 4)	131,984	711,430	284,284
Accumulated surplus, beginning of year	1,288,944	1,288,944	1,004,660
Accumulated surplus, end of year	\$ 1,420,928	\$ 2,000,374	\$ 1,288,944

See accompanying notes to the financial statements

Burlington Theatre Board Inc.

Statement of Changes in Net Financial Assets

For the Month Ended December 31, 2018

	Budget 2018	Actual 2018	Actual 2017
	\$	\$	\$
Annual surplus	\$ 131,984	\$ 711,430	\$ 284,284
Acquisition of tangible capital assets	(131,580)	(312,795)	(90,487)
Amortization of tangible capital assets	35,188	82,257	35,188
	\$ (96,392)	\$ (230,538)	\$ (55,299)
Acquisition of inventory	-	(6,903)	(5,449)
Use of Inventory	-	5,449	7,243
	\$ -	\$ (1,454)	\$ 1,794
Acquisition of prepaid expenses	-	(73,900)	(71,777)
Use of prepaid expense	-	71,777	136,945
	\$ -	\$ (2,123)	\$ 65,168
Increase in net financial assets	35,592	477,315	295,947
Net financial assets, beginning of year	779,624	779,624	483,677
Net financial assets, end of year	\$ 815,216	\$ 1,256,939	\$ 779,624

See accompanying notes to the financial statements

Burlington Theatre Board Inc.
Statement of Cash Flows

For the Year Ended December 31, 2018

	2018	2017
	\$	\$
Operating activities		
Annual surplus	711,430	284,284
Items not affecting cash		
Amortization of tangible capital assets	82,257	35,188
Changes in non-cash operating working capital items		
Due from City of Burlington	(574,732)	(203,035)
Accounts receivable	58,730	(28,149)
Prepaid expenses	(2,123)	65,168
Inventory	(1,454)	1,794
Accounts payable and accrued liabilities	38,111	116,454
Deferred revenue	1,326	(180,717)
	313,545	90,987
Capital transactions		
Acquisition of tangible capital assets	(312,795)	(90,487)
Net change in cash	750	500
Cash, beginning of year	3,975	3,475
Cash, end of year	4,725	3,975

See accompanying notes to the financial statements

Burlington Theatre Board Inc.

Notes to the Financial Statements

For the Year Ended December 31, 2018

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 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.

Where funding has been received in advance of expenses 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

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

Under Canadian public sector accounting standards, capital funding is recognized as revenue when the funding is approved and the cash is received although the amortization of the tangible capital asset is recorded over the useful life of the asset.

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, 2018

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 \$850,658 (2017 - \$537,863) and a net book value of \$662,632 (2017 - \$432,094), as detailed below:

	2018	2017
Cost		
Balance, beginning of year	\$ 537,863	\$ 447,376
Additions and betterments during the year	312,795	90,487
Balance, end of year	850,658	537,863
Accumulated amortization		
Balance, beginning of year	105,769	70,581
Amortization for the year	82,257	35,188
Balance, end of year	188,026	105,769
Net book value	\$ 662,632	\$ 432,094

4. Accumulated surplus

Accumulated surplus consists of the following:

	2018	2017
Surplus:		
Invested in tangible capital assets	\$ 662,632	\$ 432,094
	662,632	432,094
Reserve funds:		
Special projects (Note 5)	1,337,742	856,850
	1,337,742	856,850
Accumulated surplus	\$ 2,000,374	\$ 1,288,944

Burlington Theatre Board Inc.
Notes to the Financial Statements
For the Year Ended December 31, 2018

5. Continuity of reserve funds

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

	2018	2017
Special projects reserve funds		
Balance beginning of year	\$ 856,850	\$ 627,865
Contribution to capital reserve	121,165	128,725
Contribution to operating reserve - operating surplus	457,874	79,856
(Usage from) contribution to capital reserve - future capital commitments	(125,277)	2,808
interest earned	27,130	17,596
Special projects reserve funds, end of year	\$ 1,337,742	\$ 856,850

Special projects reserve funds consist of

Capital reserve fund	\$ 701,320	\$ 689,211
Donation reserve fund	13,443	13,092
Operating reserve fund	622,979	154,547
Total	\$ 1,337,742	\$ 856,850

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 2018 was \$80,590 for current service (2017 - \$75,269) and is included as an expenditure on the statement of operations.

7. City of Burlington - Diversity Initiative

Grants & donations include \$50,000 (2017 - Nil) funded by the City of Burlington - Diversity Initiative. Artist expenses in the amount of \$50,000 (2017 - Nil) is funded by the City of Burlington - Diversity Initiative.

