
Financial statements of Aldershot Village BIA

December 31, 2018

Draft

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Independent Auditor's Report

To the Members of the Aldershot Village
BIA Board and Members of Council of the
Corporation of the City of Burlington

Opinion

We have audited the financial statements of Aldershot Village BIA (the "BIA"), which comprise the statement of financial position as at December 31, 2018, and the statements of operations and 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 BIA 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 BIA 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 BIA'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 BIA or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the BIA'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 BIA'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 BIA'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 BIA 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.

Chartered Professional Accountants
Licensed Public Accountants
March 27, 2019

Aldershot Village BIA
Statement of financial position
As at December 31, 2018

	Notes	2018	2017
		\$	\$
Financial assets			
Cash		-	49,829
Accounts receivable		55,234	16,359
Marketable securities		44,596	68,420
		99,830	134,608
Liabilities			
Bank indebtedness		1,057	-
Accounts payable and accrued liabilities		9,430	10,310
		10,487	10,310
Net financial assets			
		89,343	124,298
Non-financial assets			
Prepaid expenses		8,290	-
Tangible capital assets, net	6	10,870	-
		19,160	-
Accumulated surplus			
	4	108,503	124,298

The accompanying notes are an integral part of the financial statements

Approved by the Board

_____, Director

_____, Director

Aldershot Village BIA
Statement of operations
Year ended December 31, 2018

		2018	2018	2017
	Notes	Budget	Actual	Actual
		\$	\$	\$
Revenue				
Business improvement levy	3	143,700	147,483	123,509
Other		—	13,931	2,419
		143,700	161,414	125,928
Expenses				
Administrative		99,700	101,119	53,287
Amortization		—	648	—
Interest expense		—	175	227
Marketing expense		40,500	59,599	36,557
Professional fees		3,500	2,986	2,962
Rent		—	12,682	—
		143,700	177,209	93,033
Annual surplus (deficit)		—	(15,795)	32,895
Accumulated surplus, beginning of year		124,298	124,298	91,403
Accumulated surplus, end of year		124,298	108,503	124,298

The accompanying notes are an integral part of the financial statements

Aldershot Village BIA**Statement of changes in net financial assets**

Year ended December 31, 2018

	2018	2018	2017
Notes	Budget	Actual	Actual
	\$	\$	\$
Annual surplus (deficit)	-	(15,795)	32,895
Acquisition of tangible capital assets	-	(11,518)	-
Amortization of tangible capital assets	-	648	-
	-	(26,665)	32,895
Acquisition of prepaid expenses	-	(8,290)	-
Change in net financial assets	-	(34,955)	32,895
Net financial assets, beginning of year	124,298	124,298	91,403
Net financial assets, end of year	124,298	89,343	124,298

The accompanying notes are an integral part of the financial statements

Aldershot Village BIA
Statement of cash flows
Year ended December 31, 2018

	Notes	2018	2017
		\$	\$
Operating activities			
Annual (deficit) surplus		(15,795)	32,895
Amortization of tangible capital assets	6	648	-
Changes in non-cash operating working capital items			
Accounts receivable		(38,875)	(8,265)
Prepaid expenses		(8,290)	-
Accounts payable and accrued liabilities		(880)	(537)
		(63,192)	24,093
Investing activities			
Acquisition of tangible capital assets	6	(11,518)	-
Purchase of marketable securities		-	(57,195)
Proceeds from redemption of marketable securities		23,824	57,006
		12,306	(189)
Net change in cash		(50,886)	23,904
Cash, beginning of year		49,829	25,925
Cash (indebtedness), end of year		(1,057)	49,829

The accompanying notes are an integral part of the financial statements

1. Nature of the organization

The Aldershot Village BIA was established by the Council of the City of Burlington (the "City") 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 City. Aldershot Village BIA is also responsible for the promotion of this improvement area for business and shopping. Approval for establishment of the Board was given by the City in December 2004.

Aldershot Village BIA is financed by a special levy charged upon businesses in the improvement area.

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

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 their estimated useful lives as follows:

Office equipment	3 - 10 years
Leasehold improvements	Over the terms of the lease

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

Use of estimates

The preparation of financial statements in conformity 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 revenue and expenses during the reporting period. Actual results could differ from these estimates. Amounts requiring estimates include the useful lives of tangible capital assets.

Marketable securities

Aldershot Village BIA considers all investments with an original maturity of 90 days or greater to be marketable securities. Marketable securities are carried at cost.

2. Significant accounting policies (continued)

Long-term planning reserve fund

Certain amounts, as approved by the Board of Directors, are set aside in a reserve for future operating and capital expenditures.

West Plains Strategy reserve fund

Certain amounts, as approved by the Board of Directors, are set aside in a reserve for costs incurred with respect to the West Plains Strategy.

Beautification reserve fund

Certain amounts, as approved by the Board of Directors, are set aside in a reserve to take full advantage of any partnership opportunity that assists in the beautification of Plains Road. These funds are only to be used for aesthetic purposes.

Current fund

This is a reserve fund established to account for the accumulation of unspent surpluses of previous years which are not allocated to other funds. Current funds are to be used for unbudgeted, unexpected and emergency situations.

3. Related party transactions

During the year, the Aldershot Village BIA recorded the following transactions with the City of Burlington:

	2018	2017
	\$	\$
Revenue		
Member levy collected on behalf of the Aldershot BIA	149,700	125,300
Write-offs/appeals	(2,217)	(1,791)
	147,483	123,509

Aldershot Village BIA
Notes to the financial statements
December 31, 2018

4. Accumulated surplus

	2018				2017	
	Beautification reserve fund	Current fund	Long term planning reserve fund	West Plains Strategy reserve fund	Total	
	\$	\$	\$	\$	\$	
Balance, beginning of the year	53,966	40,332	25,000	5,000	124,298	91,403
Transfers between funds	3,380	(3,380)	—	—	—	—
Additional funds	—	—	—	—	—	—
Annual (deficit) surplus	—	(15,795)	—	—	(15,795)	32,895
Balance, end of the year	57,346	21,157	25,000	5,000	108,503	124,298

5. Commitments

As at December 31, 2018, the Aldershot Village BIA holds a lease agreement for office space which ends in 2021. The future payments in respect of this lease are as follows:

	\$
2019	18,094
2020	18,490
2021	4,647
	<u>41,231</u>

6. Tangible capital assets

	2018		2017
	Cost	Accumulated amortization	Net book value
	\$	\$	\$
Office equipment	5,671	567	5,104
Leasehold improvements	5,847	81	5,766
	11,518	648	10,870