Burlington Theatre Board Inc.

Audited Financial Statements

for the year ended

December 31, 2019

Burlington Theatre Board Inc.

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Independent Auditor's Report

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, 2019, and the statements of operations, changes 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, 2019, 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.

Deloitte LLP

Chartered Professional Accountants
Licensed Public Accountants
April 24, 2020

Burlington Theatre Board Inc.

Statement of Financial Position

As at December 31, 2019

	2019	2018
Financial Assets		
Cash	**$ 4,725**	$ 4,725
Due from City of Burlington (Note 2)	**2,667,545**	2,140,685
Accounts Receivable	**54,353**	5,150
	$ 2,726,623	$ 2,150,560
Liabilities		
Accounts payable and accrued liabilities	**237,545**	273,980
Deferred revenue	**678,806**	619,641
	$ 916,351	$ 893,621
Net Financial Assets	**$ 1,810,272**	$ 1,256,939
Non-Financial Assets		
Inventory	**6,334**	6,903
Prepaid expenses	**67,738**	73,900
Tangible capital assets (Note 3)	**642,991**	662,632
	$ 717,063	$ 743,435
Accumulated Surplus (Note 4)	**$ 2,527,335**	$ 2,000,374

See accompanying notes to the financial statements

Burlington Theatre Board Inc.

Statement of Operations

For the year ended December 31, 2019

	Budget 2019	Actual 2019	Actual 2018
Revenues			
Capital renewal fund	**$ 120,731**	**$ 122,930**	$ 121,165
Capital asset funding (Note 5)	**39,910**	**58,620**	170,310
City of Burlington grant	**1,010,441**	**1,010,441**	990,628
Concessions, advertising and fees	**450,950**	**504,944**	471,285
Grants & donations (Note 7)	**150,300**	**173,931**	152,162
Interest	**-**	**41,778**	27,130
Membership fees	**30,000**	**74,350**	40,430
Rental revenue and recovered costs	**576,203**	**662,435**	576,376
Sponsorships (cash and in-kind)	**289,000**	**180,606**	222,907
Ticket sales	**1,150,000**	**1,019,002**	1,194,296
Total revenues	**$ 3,817,535**	**$ 3,849,037**	$ 3,966,689
Expenses			
Amortization of tangible capital assets	**82,257**	**73,217**	82,257
Artist expense (Note 7)	**1,016,550**	**917,473**	926,403
Communications	**27,145**	**23,488**	24,773
Fundraising and memberships	**25,000**	**13,038**	7,650
Maintenance services and building operations	**242,600**	**231,994**	233,546
Materials and supplies	**59,805**	**48,762**	47,504
Office administration	**111,785**	**107,528**	99,427
Professional services	**142,356**	**83,703**	70,159
Promotional expenses	**387,917**	**339,467**	352,891
Salaries and benefits	**1,438,736**	**1,297,999**	1,212,251
Utilities	**195,000**	**184,633**	189,496
Website creation and design	**10,000**	**774**	8,902
Total expenses	**$ 3,739,151**	**$ 3,322,076**	$ 3,255,259
Annual surplus (Note 4)	**78,384**	**526,961**	711,430
Accumulated surplus, beginning of year	**2,000,374**	**2,000,374**	1,288,944
Accumulated surplus, end of year	**$ 2,078,758**	**$ 2,527,335**	$ 2,000,374

See accompanying notes to the financial statements

Burlington Theatre Board Inc.

Statement of Changes in Net Financial Assets

For the Month Ended December 31, 2019

	Budget 2019 $	Actual 2019 $	Actual 2018 $
Annual surplus	**$ 78,384**	**$ 526,961**	$ 711,430
Acquisition of tangible capital assets	**(133,000)**	**(53,576)**	(312,795)
Amortization of tangible capital assets	**82,257**	**73,217**	82,257
	$ (50,743)	**$ 19,641**	$ (230,538)
Acquisition of inventory	**-**	**(6,334)**	(6,903)
Use of Inventory	**-**	**6,903**	5,449
	$ -	**$ 569**	$ (1,454)
Acquisition of prepaid expenses	**-**	**(67,738)**	(73,900)
Use of prepaid expense	**-**	**73,900**	71,777
	$ -	**$ 6,162**	$ (2,123)
Increase in net financial assets	**27,641**	**553,333**	477,315
Net financial assets, beginning of year	**1,256,939**	**1,256,939**	779,624
Net financial assets, end of year	**$ 1,284,580**	**$ 1,810,272**	$ 1,256,939

See accompanying notes to the financial statements

Burlington Theatre Board Inc.

Statement of Cash Flows

For the Year Ended December 31, 2019

	2019	2018
	$	$
Operating activities		
Annual surplus	**526,961**	711,430
Items not affecting cash		
Amortization of tangible capital assets	**73,217**	82,257
Changes in non-cash operating working capital items		
Due from City of Burlington	**(526,860)**	(574,732)
Accounts receivable	**(49,203)**	58,730
Prepaid expenses	**6,162**	(2,123)
Inventory	**569**	(1,454)
Accounts payable and accrued liabilities	**(36,435)**	38,111
Deferred revenue	**59,165**	1,326
	53,576	313,545
Capital transactions		
Acquisition of tangible capital assets	**(53,576)**	(312,795)
Net change in cash	**-**	750
Cash, beginning of year	**4,725**	3,975
Cash, end of year	**4,725**	4,725

See accompanying notes to the financial statements

Notes to the Financial Statements

For the Year Ended December 31, 2019

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.

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 $873,988 (2018 - $850,658) and a net book value of $642,991 (2018 - $662,632), as detailed below:

	2019	2018
Cost		
Balance, beginning of year	**$ 850,658**	$ 537,863
Additions and betterments during the year	**53,576**	312,795
Retirement during the year	**(30,246)**	-
Balance, end of year	**873,988**	850,658
Accumulated amortization		
Balance, beginning of year	**188,026**	105,769
Amortization for the year	**73,217**	82,257
Retirement during the year	**(30,246)**	-
Balance, end of year	**230,997**	188,026
Net book value	**$ 642,991**	$ 662,632

4. Accumulated surplus

Accumulated surplus consists of the following:

	2019	2018
Surplus:		
Invested in tangible capital assets	**$ 642,991**	$ 662,632
	642,991	662,632
Reserve funds:		
Special projects (Note 5)	**1,884,344**	1,337,742
	1,884,344	1,337,742
Accumulated surplus	**$ 2,527,335**	$ 2,000,374

5. Continuity of reserve funds

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

	2019	2018
Special projects reserve fund		
Balance beginning of year	**$ 1,337,742**	$ 856,850
Contribution to capital reserve	**122,930**	121,165
Contribution to operating reserve - operating surplus	**360,694**	457,874
Contribution to (usage from) capital reserve - future capital commitments	**21,200**	(125,277)
Interest earned	**41,778**	27,130
Special projects reserve funds, end of year	**$ 1,884,344**	$ 1,337,742
Special projects reserve funds consists of		
Capital reserve fund	**$ 864,968**	$ 701,320
Donation reserve fund	**13,802**	13,443
Operating reserve fund	**1,005,574**	622,979
Total	**$ 1,884,344**	$ 1,337,742

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 2019 was $86,042 for current service (2018 - $80,590) and is included as an expense on the statement of operations.

7. City of Burlington - Diversity Initiative

Grants & donations includes $50,000 (2018 - $50,000) funded by the City of Burlington - Diversity Initiative. Artist expenses in the amount of $50,000 (2018 - $50,000) is funded by the City of Burlington - Diversity Initiative.

8. Subsequent events

Subsequent to the year-end, on March 11, 2020, the World Health Organization characterized the outbreak of a strain of the novel coronavirus ("COVID-19") as a pandemic which has resulted in a series of public health and emergency measures that have been put in place to combat the spread of the virus. The duration and impact of COVID-19 is unknown at this time and it is not possible to reliably estimate the impact that the length and severity of these developments will have on the financial position, results of operations and cash flows of the BTB in future periods.