
Financial statements of Aldershot Village BIA

December 31, 2019

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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, 2019, and the statements of operations and 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 BIA 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 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
April 9, 2020

Aldershot Village BIA
Statement of financial position
As at December 31, 2019

	Notes	2019 \$	2018 \$
Financial assets			
Cash		92,045	—
Accounts receivable		5,534	30,834
Due from City of Burlington		235	24,400
Marketable securities		44,842	44,596
		142,656	99,830
Liabilities			
Bank indebtedness		—	1,057
Accounts payable and accrued liabilities		13,935	9,430
Deferred revenue		14,917	—
		28,852	10,487
Net financial assets		113,804	89,343
Non-financial assets			
Prepaid expenses		6,829	8,290
Tangible capital assets, net	6	7,787	10,870
		14,616	19,160
Accumulated surplus	4	128,420	108,503

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, 2019

	Notes	2019 Budget \$	2019 Actual \$	2018 Actual \$
Revenue				
Business improvement levy	3	172,999	179,234	147,483
Other		—	6,591	13,931
		172,999	185,825	161,414
Expenses				
Administrative		122,199	90,630	101,119
Amortization		3,083	3,083	648
Interest expense		—	330	175
Marketing expense		46,800	50,650	59,599
Professional fees		4,000	3,088	2,986
Rent		—	18,127	12,682
		176,082	165,908	177,209
Annual surplus (deficit)		(3,083)	19,917	(15,795)
Accumulated surplus, beginning of year		108,503	108,503	124,298
Accumulated surplus, end of year		105,420	128,420	108,503

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, 2019

	Notes	2019 Budget \$	2019 Actual \$	2018 Actual \$
Annual surplus (deficit)		(3,083)	19,917	(15,795)
Acquisition of tangible capital assets	6	—	—	(11,518)
Amortization of tangible capital assets		3,083	3,083	648
		—	23,000	(26,665)
Change in prepaid expenses		—	1,461	(8,290)
Change in net financial assets		—	24,461	(34,955)
Net financial assets, beginning of year		89,343	89,343	124,298
Net financial assets, end of year		89,343	113,804	89,343

The accompanying notes are an integral part of the financial statements

Aldershot Village BIA
Statement of cash flows
Year ended December 31, 2019

	Notes	2019	2018
		\$	\$
Operating activities			
Annual surplus (deficit)		19,917	(15,795)
Amortization of tangible capital assets	6	3,083	648
Accrued interest income		(246)	—
Changes in non-cash operating working capital items			
Accounts receivable		25,300	(14,475)
Due from City of Burlington		24,165	(24,400)
Prepaid expenses		1,461	(8,290)
Accounts payable and accrued liabilities		4,505	(880)
Deferred revenue		14,917	—
		93,102	(63,192)
Investing activities			
Acquisition of tangible capital assets	6	—	(11,518)
Proceeds from redemption of marketable securities		—	23,824
		—	12,306
Net change in cash		93,102	(50,886)
Cash (bank indebtedness), beginning of year		(1,057)	49,829
Cash (bank indebtedness), end of year		92,045	(1,057)

The accompanying notes are an integral part of the financial statements

Aldershot Village BIA
Notes to the financial statements
Year ended December 31, 2019

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 Aldershot Village BIA 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.

Aldershot Village BIA**Notes to the financial statements**

Year ended December 31, 2019

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:

	2019	2018
	\$	\$
Revenue		
Member levy collected on behalf of the Aldershot BIA	178,999	149,700
Recovery of write-offs	235	—
Write-offs/appeals	—	(2,217)
	179,234	147,483

Aldershot Village BIA
Notes to the financial statements
Year ended December 31, 2019

4. Accumulated surplus

	Beautification reserve fund \$	Current fund \$	Long term planning reserve fund \$	West Plains Strategy reserve fund \$	2019 Total \$	2018 Total \$
Balance, beginning of the year	57,346	21,157	25,000	5,000	108,503	124,298
Transfers between funds	(32,210)	39,034	(6,824)	—	—	—
Annual surplus (deficit)	—	19,917	—	—	19,917	(15,795)
Balance, end of the year	25,136	80,108	18,176	5,000	128,420	108,503

5. Commitments

As at December 31, 2019, 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:

	\$
2020	18,490
2021	4,647
	<u>23,137</u>

6. Tangible capital assets

	Cost \$	Accumulated amortization \$	2019 Net book value \$	2018 Net book value \$
Office equipment	5,671	1,701	3,970	5,104
Leasehold improvements	5,847	2,030	3,817	5,766
	<u>11,518</u>	<u>3,731</u>	<u>7,787</u>	10,870