
Financial statements of Burlington Downtown

December 31, 2020

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Independent Auditor's Report

To the Members of Burlington Downtown
and Members of Council of the Corporation of the City of Burlington

Opinion

We have audited the financial statements of Burlington Downtown BIA (the "BIA"), which comprise the statement of financial position as at December 31, 2020, 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 BIA as at December 31, 2020, 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
DATE

Burlington Downtown
Statement of financial position
As at December 31, 2020

	Notes	2020 \$	2019 \$
Financial assets			
Cash		256,852	259,326
Accounts receivable		11,597	16,150
Due from City of Burlington		311,302	293,439
		579,751	568,915
Liabilities			
Accounts payable and accrued liabilities		20,523	22,210
Due to City of Burlington		61,673	75,517
		82,196	97,727
Net financial assets		497,555	471,188
Non-financial assets			
Prepaid expenses		9,483	1,680
Tangible capital assets, net	5	69,443	51,699
		78,926	53,379
Accumulated surplus	4	576,481	524,567

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

Approved by the Board

_____, Director

_____, Management

Burlington Downtown
Statement of operations
Year ended December 31, 2020

	Notes	Budget 2020 \$	Actual 2020 \$	Actual 2019 \$
Revenue				
Business improvement levy	3	815,700	815,783	792,300
Interest earned on reserves		—	7,896	7,627
Special events		35,000	24,307	42,043
		850,700	847,986	841,970
Expenses				
Administration	3	267,500	264,911	256,984
Advertising and marketing		—	1,149	1,750
Customer Attraction - Marketing		64,500	67,177	59,974
Customer Attraction - Events		59,500	3,271	48,821
Customer Attraction - Sponsorships		72,000	33,966	73,923
Amortization		14,600	12,577	14,556
Infrastructure improvements and programs		175,000	194,242	162,566
Stakeholder relations		110,000	91,906	107,901
General expenses	3	88,000	98,449	91,974
Membership engagement		31,500	28,424	21,048
		882,600	796,072	839,497
Annual (deficit) surplus		(31,900)	51,914	2,473
Accumulated surplus, beginning of year		524,567	524,567	522,094
Accumulated surplus, end of year		492,667	576,481	524,567

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

Burlington Downtown**Statement of change in net financial assets**

Year ended December 31, 2020

	Notes	Budget 2020 \$	Actual 2020 \$	Actual 2019 \$
Annual (deficit) surplus		(31,900)	51,914	2,473
Acquisition of tangible capital assets	5	(37,500)	(30,321)	(19,155)
Amortization of tangible capital assets	5	14,600	12,577	14,556
		(22,900)	(17,744)	(4,599)
Acquisition of prepaid expenses		—	(9,483)	(1,680)
Use of prepaid expenses		—	1,680	1,680
		—	(7,803)	—
Change in net financial assets		(54,800)	26,367	(2,126)
Net financial assets, beginning of year		471,188	471,188	473,314
Net financial assets, end of year		416,388	497,555	471,188

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

Burlington Downtown
Statement of cash flows
Year ended December 31, 2020

	Notes	2020 \$	2019 \$
Operating activities			
Annual surplus		51,914	2,473
Items not affecting cash			
Amortization	5	12,577	14,556
Changes in non-cash operating working capital items			
Accounts receivable		4,553	977
Prepaid expenses		(7,803)	—
Due to/from City of Burlington		(31,707)	70,650
Accounts payable and accrued liabilities		(1,687)	(23,406)
		27,847	65,250
Investing activity			
Acquisition of tangible capital assets	5	(30,321)	(19,155)
Net change in cash		(2,474)	46,095
Cash, beginning of year		259,326	213,231
Cash, end of year		256,852	259,326

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

1. Nature of operations

Burlington Downtown (the "Board") 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 expenses by the City. The Board is also responsible for the promotion of this improvement area for business and shopping.

The Board is financed by a special levy charged upon businesses in the improvement area.

2. Accounting policies

Basis of accounting

The financial statements of 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. Amounts received but not yet recognized as revenue are recorded as deferred revenue. 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.

Expenses

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.

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	5-10 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.

2. Accounting policies (continued)

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 direct how the funds will be disbursed.

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, the Board recorded the following transactions with the City of Burlington:

	2020	2019
	\$	\$
Revenue		
Member levies collected on behalf of Burlington Downtown	815,783	792,300
Expenses		
Occupancy costs, group benefits, printing, postage, telephone and other	43,608	52,414
Write off of member levies on behalf of Burlington Downtown	56,548	46,377

Burlington Downtown
Notes to the financial statements
Year ended December 31, 2020

4. Accumulated surplus

	2020 \$	2019 \$
Consists of		
Operating surplus	195,911	184,637
Reserves (Note 6)	311,127	288,231
Investment in tangible capital assets	69,443	51,699
	576,481	524,567

5. Tangible capital assets

	Office equipment \$	Outside equipment \$	Christmas program \$	Total 2020 \$	Total 2019 \$
Cost					
Balance, beginning of the year	19,976	105,272	151,657	276,905	257,750
Add: additions during the year	—	—	30,321	30,321	19,155
Balance, end of year	19,976	105,272	181,978	307,226	276,905
Accumulated amortization					
Balance, beginning of the year	19,976	63,863	141,367	225,206	210,650
Add: amortization during the year	—	5,388	7,189	12,577	14,556
Balance, end of year	19,976	69,251	148,556	237,783	225,206
Net book value of tangible capital assets	—	36,021	33,422	69,443	51,699

6. Reserves

	2020 \$	2019 \$
Balance, beginning of year	288,231	290,105
Interest, net of administration fee	7,896	7,627
Funds from operations	15,000	(9,501)
Balance, end of year	311,127	288,231

7. Commitments

The Board is committed to payments under operating leases for office space to the City of Burlington that expires on July 31, 2023. Future lease payments aggregate to \$78,463 and include the following amounts payable over the next three years:

	\$
2021	30,373
2022	30,373
2023	17,717
	78,463