

Burlington Theatre Board Inc.

Audited Financial Statements

for the year ended

December 31, 2020

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, 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 Theatre 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 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.

Chartered Professional Accountants
Licensed Public Accountants
[Date]

Burlington Theatre Board Inc.

Statement of Financial Position

As at December 31, 2020

	2020	2019
Financial Assets		
Cash	\$ 5,285	\$ 4,725
Due from City of Burlington (Note 2)	2,455,633	2,667,545
Accounts Receivable	179,850	54,353
	\$ 2,640,768	\$ 2,726,623
Liabilities		
Accounts payable and accrued liabilities	240,893	237,545
Deferred revenue	109,726	678,806
	\$ 350,619	\$ 916,351
Net Financial Assets	\$ 2,290,149	\$ 1,810,272
Non-Financial Assets		
Inventory	7,330	6,334
Prepaid expenses	14,645	67,738
Tangible capital assets (Note 3)	809,102	642,991
	\$ 831,077	\$ 717,063
Accumulated Surplus (Note 4)	\$ 3,121,226	\$ 2,527,335

See accompanying notes to the financial statements

Burlington Theatre Board Inc.

Statement of Operations

For the year ended December 31, 2020

	Budget 2020	Actual 2020	Actual 2019
Revenues			
Capital renewal fund	\$ 124,083	\$ 26,131	\$ 122,930
Capital asset funding (Note 5)	180,000	232,290	58,620
City of Burlington grant	1,028,123	1,028,123	1,010,441
Concessions, advertising and fees	481,290	107,028	504,944
Grants & donations (Notes 7 and 8)	148,000	499,703	173,931
Interest	-	47,960	41,778
Membership fees	50,000	40,200	74,350
Rental revenue and recovered costs	611,709	159,719	662,435
Sponsorships (cash and in-kind)	228,900	60,798	180,606
Ticket sales	1,150,000	425,868	1,019,002
Total revenues	\$ 4,002,105	\$ 2,627,820	\$ 3,849,037
Expenses			
Amortization of tangible capital assets	73,217	93,845	73,217
Artist expense (Note 7)	1,016,550	359,381	917,473
Communications	27,145	26,992	23,488
Fundraising and memberships	29,500	21,762	13,038
Maintenance services and building operations	242,100	123,743	231,994
Materials and supplies	59,805	13,590	48,762
Office administration	113,467	52,536	107,528
Professional services	150,906	50,489	83,703
Promotional expenses	392,000	129,920	339,467
Salaries and benefits	1,467,849	1,017,894	1,297,999
Utilities	198,700	143,777	184,633
Website creation and design	-	-	774
Total expenses	\$ 3,771,239	\$ 2,033,929	\$ 3,322,076
 Annual surplus (Note 4)	 230,866	 593,891	 526,961
Accumulated surplus, beginning of year	2,527,335	2,527,335	2,000,374
Accumulated surplus, end of year	\$ 2,758,201	\$ 3,121,226	\$ 2,527,335

See accompanying notes to the financial statements

Burlington Theatre Board Inc.

Statement of Change in Net Financial Assets

For the Month Ended December 31, 2020

	Budget 2020	Actual 2020	Actual 2019
	\$	\$	\$
Annual surplus	\$ 230,866	\$ 593,891	\$ 526,961
Acquisition of tangible capital assets	(180,000)	(259,956)	(53,576)
Amortization of tangible capital assets	73,217	93,845	73,217
	\$ (106,783)	\$ (166,111)	\$ 19,641
Acquisition of inventory	-	(7,330)	(6,334)
Use of Inventory	-	6,334	6,903
	\$ -	\$ (996)	\$ 569
Acquisition of prepaid expenses	-	(14,645)	(67,738)
Use of prepaid expense	-	67,738	73,900
	\$ -	\$ 53,093	\$ 6,162
Increase in net financial assets	124,083	479,877	553,333
Net financial assets, beginning of year	1,810,272	1,810,272	1,256,939
Net financial assets, end of year	\$ 1,934,355	\$ 2,290,149	\$ 1,810,272

See accompanying notes to the financial statements

Burlington Theatre Board Inc.

Statement of Cash Flows

For the Year Ended December 31, 2020

	2020	2019
	\$	\$
Operating activities		
Annual surplus	593,891	526,961
Items not affecting cash		
Amortization of tangible capital assets	93,845	73,217
Changes in non-cash operating working capital items		
Due from City of Burlington	211,912	(526,860)
Accounts receivable	(125,497)	(49,203)
Prepaid expenses	53,093	6,162
Inventory	(996)	569
Accounts payable and accrued liabilities	3,348	(36,435)
Deferred revenue	(569,080)	59,165
	260,516	53,576
Capital transactions		
Acquisition of tangible capital assets	(259,956)	(53,576)
Net change in cash	560	-
Cash, beginning of year	4,725	4,725
Cash, end of year	5,285	4,725

See accompanying notes to the financial statements

Burlington Theatre Board Inc.

Notes to the Financial Statements

For the Year Ended December 31, 2020

The Burlington Theatre Board Inc. (the "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 BTB 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 BTB. 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, 2020

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 \$1,115,171 (2019 - \$873,988) and a net book value of \$809,102 (2019 - \$642,991), as detailed below:

	2020	2019
Cost		
Balance, beginning of year	\$ 873,988	\$ 850,658
Additions and betterments during the year	259,956	53,576
Retirement during the year	(18,773)	(30,246)
Balance, end of year	1,115,171	873,988
Accumulated amortization		
Balance, beginning of year	230,997	188,026
Amortization for the year	93,845	73,217
Retirement during the year	(18,773)	(30,246)
Balance, end of year	306,069	230,997
Net book value	\$ 809,102	\$ 642,991
4. Accumulated surplus		
Accumulated surplus consists of the following:		
	2020	2019
Surplus:		
Invested in tangible capital assets	\$ 809,102	\$ 642,991
	809,102	642,991
Reserve funds:		
Special projects (Note 5)	2,312,124	1,884,344
	2,312,124	1,884,344
Accumulated surplus	\$ 3,121,226	\$ 2,527,335

Burlington Theatre Board Inc.
Notes to the Financial Statements
For the Year Ended December 31, 2020

5. Continuity of reserve funds

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

	2020	2019
Special projects reserve fund		
Balance beginning of year	\$ 1,884,344	\$ 1,337,742
Contribution to capital reserve	126,131	122,930
Contribution to operating reserve - operating surplus	265,501	360,694
(Usage from) contribution to capital reserve - future capital commitments	(11,812)	21,200
Interest earned	47,960	41,778
Special projects reserve funds, end of year	\$ 2,312,124	\$ 1,884,344
Special projects reserve funds consists of		
Capital reserve fund	\$ 1,000,924	\$ 864,968
Donation reserve fund	14,170	13,802
Operating reserve fund	1,297,030	1,005,574
Total	\$ 2,312,124	\$ 1,884,344

6. Pension agreements

Effective August 1, 2011, the BTB 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 2020 was \$76,400 for current service (2019 - \$86,042) and is included as an expense on the statement of operations.

7. City of Burlington - Diversity Initiative

Grants & donations includes \$36,405 (2019 - \$50,000) funded by the City of Burlington - Diversity Initiative. Artist expenses in the amount of \$36,405 (2019 - \$50,000) are funded by the City of Burlington - Diversity Initiative.

8. COVID-19

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 impact of the provincially mandated shut down as a result of the pandemic has been significant to the BTB as in person performances were not allowed for most of the year. A few performances occurred in early fall of 2020 but as of December 26, 2020 in person performances were once again not allowed. The BTB has been essentially not been in operation for much of 2020 and into 2021.

The Government of Canada implemented the Canada Emergency Wage Subsidy program ("CEWS") which provided a subsidy of up to 75% of eligible remuneration, paid by an eligible entity that experienced a significant decline in revenue due to the COVID-19 pandemic. During the year, the BTB qualified for subsidy payments in the amount of \$297,644, which is reflected in grants and donations the statement of operations. The amount of CEWS receivable at December 31, 2020 was \$68,005, which is included in accounts receivable in the statement of financial position.