
Financial statements of Burlington Downtown

December 31, 2021

Draft

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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, 2021, 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, 2021, 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
May 14, 2022

Burlington Downtown
Statement of financial position
As at December 31, 2021

	Notes	2021	2020
		\$	\$
Financial assets			
Cash		259,010	256,852
Accounts receivable		27,039	11,597
Due from City of Burlington		442,854	311,302
		728,903	579,751
Liabilities			
Accounts payable and accrued liabilities		63,080	20,523
Due to City of Burlington		61,673	61,673
Deferred revenue		67,048	—
		191,801	82,196
Net financial assets		537,102	497,555
Non-financial assets			
Prepaid expenses		1,680	9,483
Tangible capital assets, net	5	56,403	69,443
		58,083	78,926
Accumulated surplus	4	595,185	576,481

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, 2021

	Notes	Budget 2021 \$	Actual 2021 \$	Actual 2020 \$
Revenue				
Business improvement levy	3	815,700	887,690	815,783
Interest earned on reserves		—	9,052	7,896
Special events		15,800	19,500	24,307
		831,500	916,242	847,986
Expenses				
Administration	3	274,000	271,822	264,911
Advertising and marketing		—	1,499	1,149
Customer Attraction - Marketing		62,000	67,396	67,177
Customer Attraction - Events		52,500	38,478	3,271
Customer Attraction - Sponsorships		18,500	19,361	33,966
Amortization		—	13,040	12,577
Infrastructure improvements and programs		197,000	208,653	194,242
Stakeholder relations		81,000	78,568	91,906
General expenses	3	79,500	132,836	98,449
Lakeside Festival of Lights				
Membership engagement		39,500	65,885	28,424
Capital works		27,500	—	—
		831,500	897,538	796,072
Annual (deficit) surplus		—	18,704	51,914
Accumulated surplus, beginning of year		576,481	576,481	524,567
Accumulated surplus, end of year		576,481	595,185	576,481

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

Burlington Downtown
Statement of change in net financial assets
Year ended December 31, 2021

	Notes	Budget 2021 \$	Actual 2021 \$	Actual 2020 \$
Annual (deficit) surplus		—	18,704	51,914
Acquisition of tangible capital assets	5	(37,500)	—	(30,321)
Amortization of tangible capital assets	5	—	13,040	12,577
		(37,500)	13,040	(17,744)
Acquisition of prepaid expenses		—	(1,680)	(9,483)
Use of prepaid expenses		—	9,483	1,680
		—	7,803	(7,803)
Change in net financial assets		(37,500)	39,547	26,367
Net financial assets, beginning of year		497,555	497,555	471,188
Net financial assets, end of year		460,055	537,102	497,555

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

Burlington Downtown
Statement of cash flows
Year ended December 31, 2021

	Notes	2021	2020
		\$	\$
Operating activities			
Annual (deficit) surplus		18,704	51,914
Items not affecting cash			
Amortization	5	13,040	12,577
Changes in non-cash operating working capital items			
Accounts receivable		(15,442)	4,553
Prepaid expenses		7,803	(7,803)
Due to/from City of Burlington		(131,552)	(31,707)
Accounts payable and accrued liabilities		42,557	(1,687)
Deferred revenue		67,048	—
		2,158	27,847
Investing activity			
Acquisition of tangible capital assets	5	—	(30,321)
Net change in cash		2,158	(2,474)
Cash, beginning of year		256,852	259,326
Cash, end of year		259,010	256,852

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:

	2021	2020
	\$	\$
Revenue		
Member levies collected on behalf of Burlington Downtown	815,700	815,783
Expenses		
Occupancy costs, group benefits, printing, postage, telephone and other	3,320	43,608
Write off of member levies on behalf of Burlington Downtown	61,350	56,548

Burlington Downtown
Notes to the financial statements
December 31, 2021

4. Accumulated surplus

	2021	2020
	\$	\$
Consists of		
Operating surplus	96,103	195,911
Reserves (Note 6)	442,679	311,127
Investment in tangible capital assets	56,403	69,443
	595,185	576,481

5. Tangible capital assets

	Office equipment	Outside equipment	Christmas program	Total 2021	Total 2020
	\$	\$	\$	\$	\$
Cost					
Balance, beginning of the year	19,976	105,272	181,978	307,226	276,905
Add: additions during the year	—	—	—	—	30,321
Balance, end of year	19,976	105,272	181,978	307,226	307,226
Accumulated amortization					
Balance, beginning of the year	19,976	69,251	148,556	237,783	225,206
Add: amortization during the year	—	5,388	7,652	13,040	12,577
Balance, end of year	19,976	74,639	156,208	250,823	237,783
Net book value of tangible capital assets	—	30,633	25,770	56,403	69,443

6. Reserves

	2021	2020
	\$	\$
Balance, beginning of year	311,127	288,231
Interest, net of administration fee	9,052	7,896
Funds from operations	122,500	15,000
Balance, end of year	442,679	311,127

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 \$48,090 and include the following amounts payable over the next three years:

	\$
2022	30,373
2023	17,717
	48,090