

Burlington Theatre Board Inc.

Audited Financial Statements

for the year ended

December 31, 2021

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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, 2021, 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, 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 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
_____, 2022

Burlington Theatre Board Inc.
Statement of Financial Position

As at December 31, 2021

	2021	2020
		(Note 9)
Financial Assets		
Cash	\$ 50,650	\$ 5,285
Due from City of Burlington (Note 2)	3,335,578	2,388,633
Accounts receivable	139,839	179,850
	\$ 3,526,067	\$ 2,573,768
Liabilities		
Accounts payable and accrued liabilities	254,374	240,893
Deferred revenue	502,215	109,726
	\$ 756,589	\$ 350,619
Net Financial Assets	\$ 2,769,478	\$ 2,223,149
Non-Financial Assets		
Inventory	6,568	7,330
Prepaid expenses	31,385	14,645
Tangible capital assets (Note 3)	828,337	809,102
	\$ 866,290	\$ 831,077
Accumulated Surplus (Note 4)	\$ 3,635,768	\$ 3,054,226

See accompanying notes to the financial statements

Burlington Theatre Board Inc.
Statement of Operations

For the year ended December 31, 2021

	Budget	Actual	Actual
	2021	2021	2020
			(Note 9)
Revenues			
Capital renewal fund	\$ 8,250	\$ 20,569	\$ 26,131
Capital asset funding (Note 5)	45,600	130,100	165,290
City of Burlington grant	1,046,115	1,060,710	1,028,123
Concessions, advertising and fees	56,250	89,694	107,028
Grants & donations (Note 7 and 8)	164,595	357,363	499,703
Interest	-	52,538	47,960
Membership fees	25,000	62,600	40,200
Rental revenue and recovered costs	246,117	335,920	159,719
Sponsorships (cash and in-kind)	53,500	47,498	60,798
Ticket sales	115,000	196,772	425,868
Total revenues	\$ 1,760,427	\$ 2,353,764	\$ 2,560,820
Expenditures			
Amortization of tangible capital assets	93,845	101,948	93,845
Artist expense (Note 7)	135,595	121,892	359,381
Communications	26,000	19,702	26,992
Diversity	-	13,053	-
Fundraising and memberships	5,000	2,364	21,762
Maintenance services and building operations	157,600	137,939	111,131
Materials and supplies	24,005	18,881	26,202
Office administration	50,702	70,386	52,536
Professional services	63,900	66,522	50,489
Promotional expenses	109,000	84,895	129,920
Salaries and benefits	949,775	971,168	1,017,894
Utilities	185,000	163,472	143,777
Total expenditures	\$ 1,800,422	\$ 1,772,222	\$ 2,033,929
Annual (deficit) surplus (Note 4)	(39,995)	581,542	526,891
Accumulated surplus, beginning of year	3,054,226	3,054,226	2,527,335
Accumulated surplus, end of year	\$ 3,014,231	\$ 3,635,768	\$ 3,054,226

See accompanying notes to the financial statements

Burlington Theatre Board Inc.**Statement of Changes in Net Financial Assets**

For the Year ended December 31, 2021

	Budget 2021	Actual 2021	Actual 2020
	\$	\$	\$
			(Note 9)
Annual (deficit) surplus	\$ (39,995)	\$ 581,542	\$ 526,891
Acquisition of tangible capital assets	(191,000)	(121,183)	(259,956)
Amortization of tangible capital assets	93,845	101,948	93,845
	\$ (97,155)	\$ (19,235)	\$ (166,111)
Acquisition of inventory	-	(6,568)	(7,330)
Use of Inventory	-	7,330	6,334
	\$ -	\$ 762	\$ (996)
Acquisition of prepaid expenses	-	(31,385)	(14,645)
Use of prepaid expense	-	14,645	67,738
	\$ -	\$ (16,740)	\$ 53,093
Increase (decrease) in net financial assets	(137,150)	546,329	412,877
Net financial assets, beginning of year	2,223,149	2,223,149	1,810,272
Net financial assets, end of year	\$ 2,085,999	\$ 2,769,478	\$ 2,223,149

See accompanying notes to the financial statements

Burlington Theatre Board Inc.
Statement of Cash Flows

For the Year Ended December 31, 2021

	2021	2020
	\$	\$
		(Note 9)
Operating activities		
Annual surplus	581,542	526,891
Items not affecting cash		
Amortization of tangible capital assets	101,948	93,845
Changes in non-cash operating working capital items		
Due from City of Burlington	(946,945)	278,912
Accounts receivable	40,011	(125,497)
Prepaid expenses	(16,740)	53,093
Inventory	762	(996)
Accounts payable and accrued liabilities	13,481	3,348
Deferred revenue	392,489	(569,080)
	166,548	260,516
Capital transactions		
Acquisition of tangible capital assets	(121,183)	(259,956)
Net change in cash	45,365	560
Cash, beginning of year	5,285	4,725
Cash, end of year	50,650	5,285

See accompanying notes to the financial statements

Burlington Theatre Board Inc.
Notes to the Financial Statements
For the Year Ended December 31, 2021

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 generally accepted accounting principles 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 expenditures 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 3 years to 15 years.

Amortization is charged in the year of acquisition through to the year of disposal on an annual 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 and trust fund

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.

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, 2021

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 \$1,236,354 (2020 - \$ 1,115,171) and a net book value of \$ 828,337 (2020 - \$ 809,102), as detailed below:

	2021	2020
Cost		
Balance, beginning of year	\$ 1,115,171	\$ 873,988
Additions and betterments during the year	121,183	259,956
Retirement during the year	-	(18,773)
Balance, end of year	1,236,354	1,115,171
Accumulated amortization		
Balance, beginning of year	306,069	230,997
Amortization for the year	101,948	93,845
Retirement during the year	-	(18,773)
Balance, end of year	408,017	306,069
Net book value	\$ 828,337	\$ 809,102
4. Accumulated surplus		
Accumulated surplus consists of the following:		
	2021	2020
Surplus:		(Note 9)
Invested in tangible capital assets	\$ 828,337	\$ 809,102
	828,337	809,102
Reserve funds:		
Special projects (Note 5)	2,807,431	2,245,124
	2,807,431	2,245,124
Accumulated surplus	\$ 3,635,768	\$ 3,054,226

Burlington Theatre Board Inc.
Notes to the Financial Statements
For the Year Ended December 31, 2021

5. Continuity of reserve funds

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

	2021	2020
Special projects reserve fund		
Balance beginning of year	\$ 2,245,124	\$ 1,884,344
Contribution to capital reserve	20,569	126,131
Contribution from donation reserve	-	-
Contribution to operating reserve - operating surplus	531,607	198,501
Contribution to capital reserve - future capital commitments	(42,407)	(11,812)
Interest earned	52,538	47,960
Special projects reserve funds, end of year	\$ 2,807,431	\$ 2,245,124

Special projects reserve funds consists of

Capital reserve fund	\$ 999,742	\$ 933,924
Donation reserve fund	14,515	14,170
Operating reserve fund	1,793,175	1,297,030
Total	\$ 2,807,431	\$ 2,245,124

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 2021 was \$67,852 for current service (2020 - \$76,400) and is included as an expense on the statement of operations.

7. City of Burlington - Diversity Initiative

Grants & donations includes \$14,595 (2020 - \$36,405) funded by the City of Burlington - Diversity Initiative. Artist expenses in the amount of \$13,053 (2020 - \$36,405) is 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 fall of 2021 but as of December 2021, restrictions were imposed again. The BTB has essentially not been in operation for much of 2020 and 2021.

The Government of Canada implemented the Canada Emergency Wage Subsidy program ("CEWS") which initially provided a subsidy of up to 75% but later declining, 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 \$227,070 (2020 - \$297,644) which is reflected in grants and donations in the statement of operations. The CEWS program ended in October 2021.

Burlington Theatre Board Inc.
Notes to the Financial Statements
For the Year Ended December 31, 2021

9. Prior period restatement

In 2020, the BTB reported a transfer from its Capital reserve fund as revenue. Since the use of these funds is considered an internal transfer the BTB has retroactively restated the revenue to remove this transaction and corresponding amount from the Due from the City of Burlington account.

The impact of these adjustments is as follows:

December 31, 2020	As previously reported	Adjustments	As restated
Statement of Financial Position	\$	\$	\$
Due from City of Burlington	2,455,633	(67,000)	2,388,633
Accumulated surplus	3,121,226	(67,000)	3,054,226
Statement of Operations			
Capital asset funding	232,290	(67,000)	165,290
Annual surplus	593,891	(67,000)	526,891
Statement of change in net financial assets			
Annual surplus	593,891	(67,000)	526,891
Increase in net financial assets	479,877	(67,000)	412,877
Statement of cash flows			
Annual surplus	593,891	(67,000)	526,891
Due from City of Burlington	211,912	67,000	278,912